Weekend FT

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FINANCIAL TIMES

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WEEKEND NOVEMBER 28/NOVEMBER 29 1992
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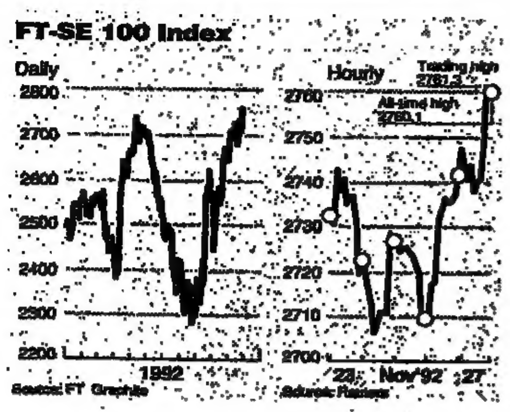

London shares reach two record highs

London's stock market surged to new highs after Wall Street returned from its Thanksgiving holiday in buoyant mood. After early gains in New York, the FT-SE 100 Index went on to a new closing peak of 2,760.1, a net gain of 18.3 on the day and 27.7 on the week. Yesterday also saw a new London trading high of 2,761.9 in a market fuelled by arbitrage pressure from the stock index market. In New York, the Dow Jones Industrial Average closed 15.94 higher at 3,282.2. Page 15; Wall Street, Page 21; Lex, Page 24; Markets, Weekend FT Page II

Neo-Nazis banned: The German government banned the neo-Nazi Nationalist Front party and announced the arrest of eight alleged members of an anti-foreigner guerrilla gang. The moves came on the day of a memorial service for three Turkish women killed in a neo-Nazi firebombing on Monday. Page 2; Living with a legacy, Page 9

Opec deal struck: Oil producers agreed at talks in Vienna to cut their output. The news sent North Sea Brent crude for January delivery up 10 cents to $18.90 a barrel. Page 3

Venezuela coup 'quelled': Venezuela's said it had put down a coup attempt by rebel soldiers who bombed the presidential palace. The government news agency said as many as 50 people were killed in the fighting. Page 3

Lord Spens formally acquitted: Former merchant banker Lord Spens won his High Court fight for a formal acquittal on charges arising from the Guinness affair. A prosecution against the peer was abandoned nine months ago. Page 4

Japanese banks: Japan's three long-term credit banks, Industrial Bank of Japan, Long-Term Credit Bank of Japan and Nippon Credit Bank, reported halved pre-tax profits for the first half but made only modest loan loss provisions. Page 12

National Power, Britain's biggest electricity generator, is leading a consortium to buy and operate a 600 MW coal-fired power station in Portugal. National Power is putting £60m into the project. Page 10

Earthquake rocks California: Los Angeles skyscrapers swayed when a moderate earthquake hit southern California. Between 5.1 and 5.3 on the Richter scale, the quake caused little damage and no injuries.

North Sea oil production jumped by 20 per cent in value in October, the first full month to show the effect of sterling's post-ERM devaluation, according to the Royal Bank of Scotland's monthly oil index.

Art treasures escape blaze: No important works of art were lost in the fire which destroyed part of Austria's imperial Hofburg palace in Vienna, state officials said.

Tax war recruits: Scores of Russian ex-army officers are being retrained as tax inspectors. Their tactical skills are being turned to extracting money from businesses which pay no taxes and old enterprises too indebted to each other to pay the state. Page 24

Thatcher defaced: Lady Thatcher's portrait was removed from a House of Commons coffee room after being daubed with a Hitlerian moustache. Some believe the painting shows Lady Thatcher in rather a stern mood.

Tube strike threat: London Underground train services were under renewed threat after the TSSA white collar union voted for a strike. The vote came only four days after another union lifted its strike threat. Page 4

STOCK MARKET INDICES

FT-SE 100	2,760.1	(+18.3)
Yield	4.38	
FT-SE Eurotrack 100	1,048.92	(+1.87)
FT-A All-Share	1,305.22	(+0.8%)
Nikkei	17,470.61	(−8.43)
New York: close		
Dow Jones Ind Ave	3,282.2	(+15.94)
S&P Composite	430.16	(+0.97)

US LUNCHTIME RATES

Federal Funds:	3⅛%
3-mo Treas Bills: Yld	3.302%
Long Bond	100⅛
Yield	7.59%

LONDON MONEY

3-mo Interbank	7⅛%	(7⅛%)
Liffe long gilt future:	Dec 99¼	(Dec 99⅜)

NORTH SEA OIL (Argus)

Brent 15-day (Jan)	$18.575	(18.775)

Gold

New York Comex (Dec)	$334.0	(333.5)
London	$334.05	(334.7)

STERLING

New York lunchtime:		
$	1.509	
London:		
$	1.5115	(1.522)
DM	2.415	(2.43)
FFr	8.1925	(8.23)
SFr	2.1775	(2.1825)
Y	188	(189)
£ Index	78.4	(78.7)

DOLLAR

New York lunchtime:		
DM	1.6008	
FFr	5.4315	
SFr	1.4435	
Y	124.45	
London:		
DM	1.598	(1.597)
FFr	5.42	(5.4075)
SFr	1.4405	(1.4335)
Y	124.35	(124.15)
$ Index	65.9	(65.4)

Tokyo close Y 124.2

UK wins backing for EC budget proposal

By Lionel Barber in Brussels

THE UK yesterday won majority support among EC partners for its compromise on future Community financing, but its tough approach drew a storm of protest from the poorer countries led by Spain.

Mr Jacques Delors, EC Commission president, condemned the British compromise as "a serious political mistake". He continued to press for his proposal, known as Delors II, to boost the EC budget.

Greece, Spain, Portugal and Ireland joined Mr Delors in opposing the British package.

But there was strong support from Germany and the Netherlands. France, Belgium and Italy, which has it own severe budgetary problems, also appeared to be leaning in Britain's direction, according to EC and German officials.

British ministers had been bracing themselves for a furious reaction from EC partners over its plan to limit Community spending. In the event UK ministers were pleasantly surprised.

Britain's compromise envisages holding down the increase in Community spending to 3 per cent a year in real terms for seven years. This would allow for a budget of Ecu79.3bn (£61bn) by 1999, from Ecu 61.1bn this year. Mr Delors wants to boost the EC budget to Ecu82.3bn over the same period, a figure he insists to be in line with the goals of the Maastricht treaty.

The split between Europe's prosperous northern tier, led by Germany, and the poorer Mediterranean countries and Ireland emerged during a "conclave" of foreign and finance ministers in Brussels.

Unless Mr John Major, the UK prime minister, can bridge the north-south divide, he risks a destructive budget wrangle overshadowing a crowded agenda during next month's EC summit at Edinburgh.

Mr Major is currently touring European capitals in an effort to narrow differences on enlargement of the Community as well as a resolution of Danish demands for exemptions from the Maastricht treaty.

A resolution of the budget impasse is being seen among diplomats in Brussels as the test of Britain's much-criticised presidency.

Mr Norman Lamont, UK chancellor of the exchequer, described the budget talks in Brussels as serious and calm. "There is no guarantee of progress at Edinburgh," he said "but we have identified the obstacles and are well-placed for a compromise."

Mr Lamont acknowledged, however, that the UK refusal to yield to pressure to give up its annual rebate, worth about £2bn, had drawn fierce criticism. While the UK remained open to suggestions of reworking how to pay the the money back, the amount of the rebate remains non-negotiable, he said.

The core of the British proposals seeks to raise the maximum size of the EC budget – the so-called own resources ceiling – to 1.25 per cent of EC gross national product by the end of 1999 from 1.2 per cent at present.

The ceiling would be frozen at the present 1.2 per cent for the three years starting next January, rise to 1.22 per cent for 1996 and 1997, before being lifted to 1.25 per cent in 1998 and 1999.

Mr Horst Kohler, the state secretary for finance in Germany, said that a majority of countries accepted the UK's approach as "serious" and said it ought to be possible to reach a solution at Edinburgh.

Much hard bargaining lies ahead if differences are to be bridged over how to divide the EC pie. Most controversial are the "cohesion" funds for poorer countries to bring them closer to their prosperous EC partners in the common drive to economic and monetary union.

The UK's proposal doubles the cohesion and structural funds for the four poorest countries to Ecu12.25bn compared with Ecu15bn under the Delors II package. Both German and Danish officials appeared to be leaning in favour of a more generous approach than Britain.

During his European tour, Mr Major will be seeking to establish whether there is a range of compromises on the enlargement, Danish and budget question as part of a "Grand Compromise" at Edinburgh.

Page 2
■ German parties set hurdle for power shift to EC
■ Finance ministers to attend EC summit

Irish Labour leader Dick Spring arriving in parliament yesterday, after the party doubled its number of seats in Wednesday's general election. Mr Spring is likely to insist on the prime minister's post as his price for supporting a Fine Gael-Progressive Democrats coalition Irish PM's future in the balance, Page 2

SIB criticises selling methods of life insurance industry

By Philip Coggan, Personal Finance Editor

THE SELLING practices of the life insurance industry were sharply criticised yesterday by Mr Andrew Large, chairman of the Securities and Investments Board, the UK's main financial regulator.

Mr Large referred to what he described as "mis-selling" of life products in his speech to the annual conference of the Society of Financial Advisers in York. He said that "human nature has been found wanting in too many cases and this has shown up as bad practices and disadvantaged clients". As a result, he said, there was widespread public unease about the industry.

The vast majority of salesmen working in the industry earn commission for each policy they sell, with the heaviest income accruing in the early years of the product.

This practice of "front-end loading" has encouraged, critics say, high-pressure selling. Customers who surrender their policies early find costs have taken a large chunk of their investment. It can take about 11 years for the surrender value of a 25-year endowment policy to equal the value of premiums paid.

The life assurance regulator, Lautro, has disciplined a number of companies for the inappropriate selling of policies in recent months. The previous chairman of SIB, Sir David Walker, criticised front-end loading, but the authority has done little to reform the commission system.

The industry has responded sharply to past criticism. When Sir Bryan Carsberg, director general of fair trading, criticised selling practices in September, the Association of British Insurers said his comments "betrayed a lack of understanding about how the insurance industry operates".

Yesterday, Mr Large said that "the selling of life products does pose particular regulatory challenges. The combination of commission-driven selling and lack of transparency in the products themselves places an enormous weight on the conduct, the train-

Continued on Page 24
Bonuses feel the squeeze again, Weekend, Page III

Jobless bosses run mission of mercy to Croatia

By Lisa Wood, Labour Staff

UNEMPLOYED executive Mr Andrew Stephenson is on a mission to Croatia to help Bosnian refugees – and himself.

Six months ago Mr Stephenson, 37, was a £30,000 a year security company executive. In 10 days, with the blessing of his unemployment benefits office, he will deliver blankets and food to Bosnians.

The mission has been organised by Reaction, a self-help organisation for unemployed executives and managers.

Established earlier this year by a jobless personnel director, Reaction aims to involve unemployed executives in voluntary projects where they can re-create the atmosphere of the world of work.

Mr Stephenson believes the convoy, whose navigators will all be unemployed executives and managers, will be the largest one leaving the UK with aid for Bosnian refugees in Croatia.

Mr Stephenson said: "The aim of the organisation is to banish the void of redundancy and improve job prospects through positive action."

Social security, he said, had given Reaction permission for individuals to take unpaid work provided executives guaranteed they would take paid jobs, if these were appropriate.

Based in Leeds, Reaction has received inquiries from more than 5,000 unemployed men and women. There are moves to set up offices in other towns.

Government-run executive job clubs and job review workshops served a valuable purpose, said Mr Stephenson. "They are an important resource where you can scan the vacancy columns in the newspapers every morning and beef up your curriculum vitae."

He said the projects Reaction would normally undertake related more strictly to business activities and the needs of executives.

"However the needs of the executives for contact with others and to feel useful makes the organisation the ideal vehicle to organise this relief effort," he said.

Rise in house sales forecast as prices continue to drift

By Andrew Taylor, Construction Correspondent

THE VOLUME of UK house sales is expected to recover by as much as 15 per cent next year but prices are likely to go on falling, according to industry and independent forecasts.

Forecasters believe buyers will be tempted back into the market by low interest rates and cheap house prices, prompting the first annual increase in house sales in four years.

Charterhouse, the merchant banking arm of Royal Bank of Scotland, said yesterday the number of UK house sales could rise by 13 per cent next year from 1.06m to 1.2m. This compares with a peak of 1.98m sales in 1988 at the height of the property boom.

The bank warned that prices would continue to drift down even when sales started to rise, because of the large backlog of unsold properties. Buyers concerned about rising unemployment and the state of the UK economy would not countenance higher prices.

Mr James Morrell, who prepared the forecasts for Charterhouse, predicted that prices would fall next year by a further 1 per cent after a 6 per cent decline this year.

The bank forecasts 6 per cent price rises in both 1994 and 1995. Mr Morrell said house prices had fallen to their lowest level in relation to average earnings since the 1970s and this would attract buyers back into the market.

A survey of more than 300 housebuilders by the House Builders Federation found that 43 per cent of companies expected sales to rise next year.

Another 27 per cent expected sales to stay static, while the remaining 30 per cent forecast further falls.

House prices in south-east England have fallen on average by about 30 per cent since the 1988 peak.

Mr Morrell said: "People who bought in 1988 would have to wait until the turn of the century to recover their money, assuming that prices continue to rise at about 6 per cent a year from 1994 onwards."

Home loans under fire ....Weekend, Page V

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Austria Sch30; Bahrain Din1.250; Bermuda $1.25; Belgium BFr60; Bulgaria Lv25.00; China Fec 12.0; Canada C$1.40; Cyprus CC1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.50; Finland Fmk12; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$18; Hungary Ft160; Iceland IKr160; India Rup20; Indonesia Rp3,800; Israel NS5.80; Italy L2500; Japan Y500; Jordan JD1.50; Korea Won 2800; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rm4.50; Malta Lm0.50; Morocco Dh13.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.50; Pakistan Rs35; Philippines Peso 45; Poland Zl 32,000; Portugal Esc190; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Syria SyP80.00; Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L6000; UAE Dh10.00; USA $1.25 (Alaska & Hawaii $1.75)

Reynolds' Fianna Fail loses seats; abortion referendum proposal defeated

Irish PM's future in the balance

By Tim Coone in Dublin

THE political future of Mr Albert Reynolds, Ireland's Taioseach (prime minister), hangs in the balance following his Fianna Fail party's disastrous general election result this week and the equally humiliating defeat of a controversial abortion referendum. Speaking on Irish TV however he said: "I am not throwing in the towel."

As the final results trickled in yesterday evening, it appears that the make-up of the next dail (parliament) will be Fianna Fail 68-69 seats, Fine Gael 45 seats, Labour 33-34 seats, Progressive Democrats 10 seats, others 10 seats.

A total of 83 seats are required to form a majority government.

When the election was called last month, following the break-up of the Fianna Fail-PD coalition, Mr Reynolds said his target was to win an absolute majority. Instead his party's share of the vote, 39 per cent, has slumped to its lowest level since the 1920s, while Labour has surged forward, doubling its vote and its number of seats.

It therefore looks likely that the price Fianna Fail will have to pay to stay in power will be the ditching of Mr Reynolds. He has been leader only since last February, when he led a backbench rebellion against his predecessor Mr Charles Haughey, to try to improve the party's waning image.

All the other party leaders have serious reservations about Mr Reynolds. He has made public his distaste of coalition governments, but even more important, the continuing judicial inquiry into the beef industry places a question mark over his credibility.

The coalition collapsed last month in an acrimonious war of words between the two party leaders over who was telling the truth to the inquiry.

It was sustained parliamentary questioning by the Labour leader, Mr Dick Spring, that led to the establishment of the inquiry last year. Mr Spring is due to be called to the witness stand next week to substantiate allegations of fraud and political favouritism he made in the dail, and Mr Reynolds will probably continue to be cast as the accused.

The alternative coalition of Fine Gael-Labour-PD faces ideological obstacles as well as Mr Spring's insistence that he be given the prime minister's post, instead of Mr John Bruton, the Fine Gael leader.

Mr Michael McDowell, the chairman of the PD party said yesterday: "I would be very conscious of ideological incompatibility."

Mr Spring is likely to insist on the leadership as his price for supporting such a coalition, however. His fallback option, preferred by many of his party strategists, is to continue building the party in opposition with a view to making it the second force in Irish politics and forcing the right-of-centre parties into coalition.

Labour party activists believe it may take until the new year before a new government can be formed, although the new dail reconvenes on December 14. Until then, Mr Reynolds must struggle on with his discredited, minority government, which will make even more difficult the task of defending the Irish currency on the financial markets.

In the abortion referendum, with a third of the votes counted, the right of women to travel abroad for an abortion and to receive information on how to go about it has been overwhelmingly supported.

However, a government proposal put forward by Mr Reynolds, which would allow abortion when the life of the mother is threatened, has been overwhelmingly defeated.

Russian deputies throw down challenge to Yeltsin

By John Lloyd in Moscow

THE Russian parliament yesterday passed a motion demanding that the government rework its economic programme and that President Boris Yeltsin present to the Congress of People's Deputies his choice of candidate for the post of prime minister.

The motion threw down the challenge to Mr Yeltsin to nominate Mr Yegor Gaidar, the acting prime minister, as premier for another term.

The motion came as intense political struggles continued behind the scenes over the shape of the reform programme and of the next Russian government.

Mr Gaidar, in a uncompromising speech to parliament on Thursday, ruled out any weakening of the main principles underlying economic reform. The effect of his speech has been to challenge Civic Union, the centrist group which is pressing the government to revise its programme, and to force the powerful grouping to either accept the government's stand or break off negotiations aimed at co-operation.

Mr Alexander Shokhin, a deputy prime minister, repeated yesterday that "there will be no fundamental change in the course of the reform".

Interfax agency yesterday reported that leaders of Civic Union and of the nationalist Russian Unity faction in parliament had agreed on the need for more cabinet resignations. These include Mr Valery Makharadaze, a deputy prime minister, Mr Andrei Kozyrev, the foreign minister and of Mr Gaidar himself.

Civic Union has long wanted such dismissals – but was said to have dropped the idea in the past two weeks following agreement with government experts on an economic programme. However, Mr Arkady Volsky, the group's leader, has charged the government with breaking the agreement.

CORRECTION

A headline in some editions yesterday said that the government had "reneged" on the agreement between it and the Civic Union. As the report made clear, this was a charge made against the government rather than a statement of fact.

Serbs' human wall keeps UN aid from Moslems

By Laura Silber in Bajina Basta

HOPE of emergency aid reaching Srebrenica, a besieged Moslem town in eastern Bosnia, receded yesterday after Bosnian Serb commanders sent a UN convoy on a wild goose chase.

The UN, blocked for three days, suffered another setback in its third attempt to reach Srebrenica. Once again, this time in Bajina Basta, local Serbs formed a human wall on a bridge over the River Drina, linking Bosnia with Serbia, in order to block food from reaching tens of thousands of Moslems.

The 20-lorry convoy was instead forced to take a new route down a winding road in the Drina river valley, 30 miles south of the previous, more direct route to the besieged Moslem stronghold.

In every town where the convoy was blocked, similar events repeated themselves. Villagers screamed and jeered. Old women brandished sticks. One even waved an axe at journalists. Volleys of gun fire boomed in the surrounding hills as locals accused the Moslems of roasting their Serb victims on a spit. They said the convoy of the UN High Commissioner for Refugees (UNHCR) was smuggling weapons in the food packages.

In other villages, weeping Serb women said the fresh graves were the reason why they would never let the convoy reach one of the last pockets of Moslem resistance. "While we are alive, this convoy will never pass," said Andriana, 17, a student. "Most of my friends are buried in the cemetery. They were just a year older than me."

Even children turned out in protest in the once sleepy river town. "We now go to school across the river in Serbia. If war breaks out we'll have to move there," said 10-year-old Ivan. His mood improved as he spoke. At first, he shouted Anglo-Saxon curses when seeing a western reporter.

Officials of the UNHCR patiently reiterated that aid must be given out to all sides in the Bosnian war. But shabbily-clad Serb villagers defiantly insisted: "We don't need your help."

The UNHCR since July has delivered 85 tonnes of aid to the town of 3,000 people. Last week, the UN severed aid to Serb-held territory in eastern Bosnia until access is given to Moslem towns.

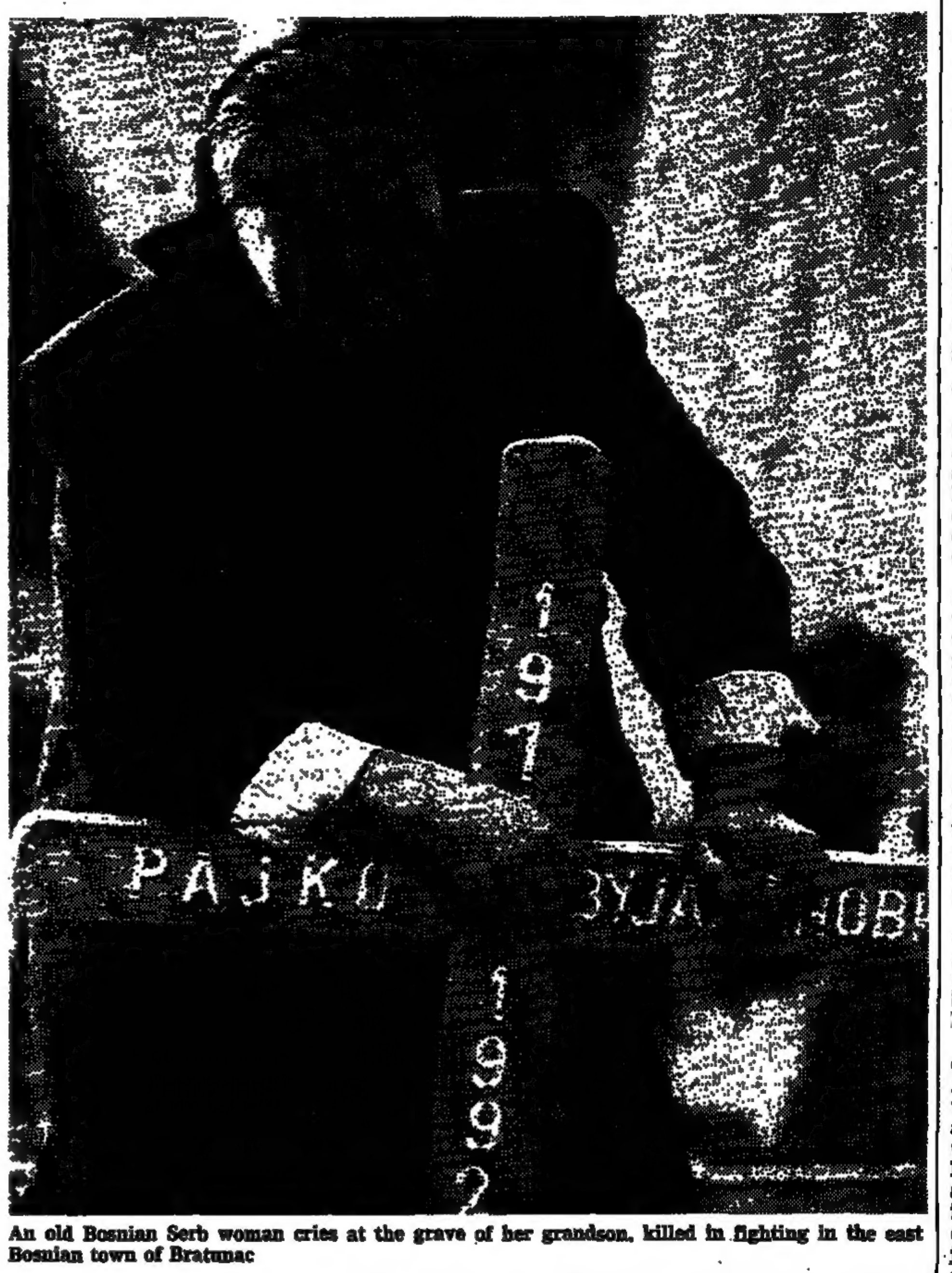
Bosnian Serb commanders told UN officials that the new route to Srebrenica in any case was an unusable dirt track. A UN reconnaissance team later confirmed that armoured personnel carriers and 10-tonne aid lorries would get stuck.

The agreement for the convoy to take this new route was won after Serb commanders appeared to climb down in their war of nerves with the UN. But as the convoy commanders yesterday waited for the go-ahead, it appeared that the Serbs had won again.

Across the river in Serbia, UN peacekeepers escorting the convoy set up camp in a cattle market as they awaited orders to head off for Srebrenica, the only Bosnian town to have received no aid since the war erupted in April.

British, Danish and Belgium peacekeepers sat eating French army rations and sipping French wine while UN officials and commanders in Sarajevo tried to pressure Serb commanders into letting the convoy through.

While weeping Serb villagers seemed genuinely distressed, a UN soldier said the blockade of convoy belonged to a military strategy. "The Serb military obviously intends to starve the Moslems and then take the town."



An old Bosnian Serb woman cries at the grave of her grandson, killed in fighting in the east Bosnian town of Bratunac

Dam experts race to save Danube

By Bronwen Maddox in London and Frances Williams in Geneva

THE FIRST stage of emergency repairs to a crumbling dam in Montenegro, a republic in the rump federation of Yugolavia, was nearly complete yesterday evening. But United Nations officials warned there was still a high risk the dam could collapse, sending tonnes of highly toxic waste towards the Danube.

Mr Sergio Piazzi, relief co-ordinator with the UN disaster relief organisation in Geneva, said the efforts of the past two days "have given the first injection – now we have to keep the dam standing".

International response has come six weeks after the floods and nearly a month after international bodies were alerted to the problem's seriousness.

Mr Fred Eckhard, a spokesman for the Geneva conference on the former Yugoslavia, said Lord Owen and Mr Cyrus Vance, who visited Montenegro on October 30 as part of their peace efforts, had made urgent requests for money and materials to the European Commission and the UN sanctions committee. The first EC experts examined the dam on November 10, and UN experts on November 15.

A quarter of the length of the 600m dam, high in a region of rocky gorges, was damaged by two flash floods on October 17 and 18 which tore away supporting concrete panels from the base.

The 12-metre-high dam, made of compacted-earth, holds back 7m tonnes of mining sludge from the river Tara, which eventually drains into the Danube.

The sludge, the consistency of wet sand, contains lead and zinc, which can kill fish and poison drinking water.

Mr Hans Zimmerman, a senior UN official, said there also appeared to be traces of lindane, a highly toxic pesticide.

On Thursday and yesterday materials were hastily collected from all over Europe – reinforced plastic sheeting from the Netherlands to prevent the dam absorbing water, and steel cages from Italy to support its foot – and rushed to Montenegro in a Belgian Hercules aircraft.

Next week Mr Zimmerman will begin a report on the total cost of repairs and medical supplies for people made homeless by the floods.

The first phase has received Ecu110,000 (£88,800) from the EC and $10,000 (£6,570) from UN emergency funds. EC experts have estimated the cost of emergency work at Ecu500,000.

Mr Zimmerman said that even though the floods had subsided, the dam was still threatened because the Tara had broken its banks and was swirling against its foot.

Phase two, lasting until Christmas, will be the construction of a new supporting dam next to the river.

Brussels lets BA buy stake in TAT

By Andrew Hill in Brussels

THE European Commission has approved British Airways' plan to buy nearly 50 per cent of the French regional airline Transport Aérien Transrégional, after the British carrier offered to open certain UK-France routes to greater competition.

The decision is likely to incense Air France, the French state-owned carrier, which had already protested to Sir Leon Brittan, the EC competition commissioner, about alleged double standards in judging deals involving BA.

BA, TAT and Dan Air, the Gatwick-based UK carrier which BA is also taking over, will have 98.6 per cent of all flights between Paris and Gatwick, and a monopoly on flights between Gatwick and Lyons. But the Commission decided to assess the merger on the basis of flights between all four London airports and the French cities. "There's a strong competitive relationship between those airports," claimed Sir Leon's spokesman yesterday.

The deciding factor, however, was that BA promised to give up slots on both routes if rivals want to start or step up their service from Gatwick to France.

That is unlikely to be enough to satisfy Mr Bernard Attali, president of Air France, who threatened legal action against the Commission two weeks ago. He believes that Sir Leon adopted the wrong approach last month in deciding the takeover of Dan Air did not fall under Brussels' jurisdiction, and that he should have prevented the purchase of TAT going ahead during the four-week investigation of the case.

The British company said it was pleased with the favourable decision and added that it only required formal clearance from the French authorities for the takeover to go ahead. BA is hoping for the go-ahead around the beginning of next year.

Taking into account all London airports, the enlarged BA will increase its share of the London-Paris market from 49 to 52 per cent, and from 45 to 58 per cent on the London-Lyons routes. Air France is the second airline in both markets, with 33 per cent and 41.5 per cent respectively.

● The European Commission confirmed yesterday that it was conducting a preliminary study of EC airlines' "frequent flyer" customer loyalty programmes, but a spokesman said it had not launched a formal investigation under competition rules.

US personal income rises 1% in October

PERSONAL INCOME in the US rose by one per cent in October over the previous month, the largest monthly gain since last December and further evidence of an economy that seems to be finally gathering steam, Jurek Martin writes from Washington.

Special factors, including subsidy payments to farmers and other public and private sector bonuses, accounted for more than half the monthly advance. But wages and salaries in October also went up a healthy 0.6 per cent, after falling 0.1 per cent in September, as did disposable income.

Personal consumption spending in the month went up by an adjusted 0.7 per cent, nearly as good as the upwardly revised 0.9 per cent advance of September.

The new surge in consumer confidence, also reflected earlier this week by the revised 3.9 per cent annual growth in the third quarter gross national product, also suggests much improved Christmas sales, for which the big retailing push began yesterday.

S African talks to resume

By Patti Waldmeir in Johannesburg

SOUTH Africa's tortuous negotiating process received a big boost yesterday when it was announced that the South African government and the African National Congress (ANC) would meet next week for talks on a new constitution.

It will be the first time the two sides have met for formal constitutional negotiations since multi-party talks broke down last May.

Since then, the gap between the two sides on the crucial issue of power-sharing has narrowed, with the ANC proposing this week that South Africa be ruled by coalition even if one party wins a majority in the first elections under a permanent constitution.

ANC officials tried to force the pace of next week's meeting, which will be held over three days at a secret location, by rejecting as too slow the timetable announced on Thursday by President F.W. de Klerk, who forecast elections for an interim government by April 1994.

● Amnesty International human rights group has released a report documenting physical abuse of prisoners in ANC camps outside South Africa. The victims were often labelled as South African government spies, but most were genuine ANC members, imprisoned because they raised grievances or policy differences, it said.

● The South Africa investment graph (FT, November 26) was incorrectly sourced; the graph and the comments by Mr Michael Marks were originally published in Partnership, published by FIRST Magazine, UK and Leadership Magazine South Africa, 77 Oxford Street, London W1R 1RB 071 439 1188.

Finance ministers to attend EC summit

MR Norman Lamont, the UK chancellor, and other European Community finance ministers will take part in the EC summit in Edinburgh in two weeks, reflecting the growing importance of economic issues in the remaining weeks of the UK presidency, Peter Norman, Economics Editor, writes.

The finance ministers' presence will be a break with EC tradition. But the UK's proposals for financing the EC budget over the next seven years and the search for an economic growth policy for Europe have persuaded Britain to invite finance ministers.

Recent upheavals in the European exchange rate mechanism and the future of the community's plan for economic and monetary union are likely to be discussed at the summit. The heads of government and foreign ministers would be able to draw on the expertise of finance ministers.

UK Treasury officials confirmed that Mr Lamont would be in Edinburgh. Most other EC finance ministers are expected to attend.

Neo-Nazi group banned as Turkish arson victims mourned

By Quentin Peel in Bonn

THE German government yesterday banned a small neo-Nazi movement in the first step of a promised crackdown on extreme right-wing organisations, as 10,000 people attended a funeral for a Turkish woman and two children killed in an apparent neo-Nazi arson attack.

The order to close the 130-member Nationalist Front, based in Detmold in North Rhine-Westphalia, was served by police in mid-afternoon.

Mr Rudolf Seiters, the interior minister, said it was an "unmistakable warning signal against extreme right-wing agitation and violence".

At the same time, orders were issued to arrest eight further members of an extreme right-wing group in the northern town of Gudow, near Mölln, where the Turkish victims died in a fire on Monday.

The leader of the group, Michael Peters, is already in detention, accused of forming a right-wing terrorist group, and taking part in at least two arson attacks on foreign asylum-seekers' hostels.

However, Mr Alexander von Stahl, the chief federal prosecutor, who has taken over the case on the grounds of a threat to national security, said there was still no evidence to link the group to the Mölln attack.

Two houses occupied by Turkish families were set on fire, and an anonymous caller tipped off the police with the words: "Heil Hitler!"

In spite of that clear suggestion of neo-Nazi involvement in the attacks, German television has reported "strong suspicion" in the police department that rivalry between Turkish gangs may have been behind them.

The theory has been denied in the Turkish community, and yesterday more than 10,000 mourners turned out in Hamburg at a funeral for the 51-year-old grandmother, her 10-year-old granddaughter and 14-year-old niece who died in the blaze. It was attended by Mr Klaus Kinkel, foreign minister, and Mr Norbert Blüm, labour minister, on behalf of the German government.

Mourners at the funeral, held at the Al-Aksa mosque, held Turkish flags and waved banners saying: "Stop Racism". There were demonstrations against racism across the country, including by 200,000 members of the IG Metall engineering workers' union in northern Germany, who stopped work in sympathy. In Dortmund, 10,000 schoolchildren marched in solidarity.

The Nationalist Front was founded in 1985, and according to the Interior Ministry, was "an active fighting organisation dedicated to the overthrow of the democratic order".

Its programme included policies similar to those of Adolf Hitler's Nazi party, and its immediate aim was the expulsion of foreigners from Germany. It presented candidates at state elections in Bremen last year, and won just 0.03 per cent of the vote.

German parties set hurdle for power shift to EC

By Quentin Peel

THE MAIN political parties in Germany agreed yesterday that all future moves to transfer national sovereignty to the European Community must be approved by a two-thirds majority in both houses of parliament.

It means that any future moves towards European union, in addition to the present Maastricht treaty, will be confirmed in Germany only if there is broad cross-party support.

Such measures – for example, to agree a European defence union – must also comply with Germany's definition of adequate democratic control, which will now be written into the German constitution.

The agreement, opposed by Mr Klaus Kinkel, the foreign minister, and his Free Democratic Party (FDP) as excessively restrictive on future progress towards European integration, was part of a compromise reached in order to press ahead with ratification of the Maastricht treaty in the Bundestag next week.

It was settled between Chancellor Helmut Kohl's Christian Democratic Union (CDU) and the opposition Social Democrats (SPD) in the special parliamentary committee set up to ratify the treaty.

The SPD had argued in favour of a strict two-thirds majority being applied to all final parliamentary approval. In exchange, the opposition agreed that the package of constitutional amendments tailored to ratification of Maastricht will come into effect, even if the Maastricht treaty is not ratified by all 12 EC member states.

That means that whether Maastricht is approved by Denmark and Britain or not, the 16 German federal Länder represented in the Bundesrat, the upper house, will have much greater powers of involvement and oversight of proposed EC legislation. It will also establish a more powerful European oversight committee in the Bundestag, the lower house, which will have to be consulted by the government in advance of all EC negotiations.

All the moves, which now seem certain to be approved by the full Bundestag on Tuesday, in spite of FDP opposition, have the effect of increasing German parliamentary control over decisions in Brussels, comparable to that in Britain and Denmark.

Supporters of European integration fear that it will simply make all Brussels negotiations far more complex.

There remains one potential stumbling block to ratification in Bonn. The Bundesrat is unhappy with the clause proposed for resolving conflicts on EC legislation between the two houses of parliament.

Mr Florian Gerster, the European affairs minister of the Rhineland-Palatinate, said it was uncertain if the Bundestag would be able to approve ratification as planned on December 18. A conciliation committee might have to be summoned to resolve the conflict on conflict resolution.

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NEWS: INTERNATIONAL

Venezuela claims to have foiled coup

By Stephen Fidler, Latin America Editor, and Agencies

THE Venezuelan government said yesterday it had put down a coup attempt by rebel soldiers who bombed the presidential palace in their uprising. The coup leaders had surrendered, it said.

Interior Minister Luis Pinerua Ordaz said in a televised statement the leaders of the coup attempt, the second this year in oil-rich Venezuela, gave themselves up to authorities about six hours after they launched their uprising.

Up to nine people were reported dead in the fighting and there was still gunfire after the announcement of the coup leaders' surrender.

Yesterday morning, an aircraft under rebel command dropped a bomb on the palace complex, damaging upper floors of the administrative building. Venezuelan President Carlos Andrés Pérez was in another building in the complex and was not hurt. The 70-year-old president also survived a coup attempt on February 4.

Mr Pérez said rebels controlled Libertador air force base in Maracay, 100km from Caracas, where Mirage and F-16 fighters jets are based, but added it would be back in loyal hands soon.

The rebels also seized the Francisco Miranda air field in eastern Caracas, Mr Pérez said, but he said troops were fighting to regain control there.

Over the last three years, the Venezuelan economy has enjoyed one of the fastest growth rates in the world. From the admittedly depressed levels of 1989, it has grown by more than a quarter. Growth this year will probably exceed 8 per cent after surpassing 10 per cent last year.

According to figures from the government, backed up independently by businessmen, food consumption has grown by a fifth over the last year, a sign that the growth has not been to the exclusive benefit of the rich. Employment is rising rapidly – a quarter of a million jobs have been created in the last year – on the back of an expanding private sector.

The government says this growth has been created by its reform programme which deregulated much of the economy.

Yet, according to opinion polls, the government, and in particular the president, remain hugely unpopular. As a result, he has become increasingly isolated with little influence in Congress, even though his own party is in the majority.

Furthermore, as demonstrated by the second coup attempt this year, an important section of the military and particularly the army is disaffected. The unrest appears concentrated in a group of lower-ranked army officers, whose apparent leader, Lt Col Hugo Chavez, is according to opinion polls one of Venezuela's most popular public figures.

The rebel officers, who may now be linked with left-wing civilian groups, are at odds with the military high command, who for the most part appear to support the established order, and have denounced Venezuela's political elite as corrupt.

Col Chavez, who was jailed after the February putsch, attempted in a videotaped broadcast over Venezuelan television yesterday to encourage civilians to take to the streets in support of the coup. However, it appeared that despite few street demonstrations and other desultory indications of support for the rebels, most Venezuelans decided to stay indoors.

After the February coup, the government acted to jail ringleaders, split up the disaffected groups within the army and improve military intelligence.

CARACAS SIEGE: Troops loyal to Venezuela's government fire on a TV station seized by rebel forces in a coup attempt yesterday

Opec agrees to trim oil output

By Deborah Hargreaves in Vienna

A DEAL between Iran and Saudi Arabia broke the deadlock at talks between ministers from the Organisation of Petroleum Exporting Countries (Opec) allowing them to agree a cut in oil output yesterday.

Ministers are hoping the market will draw some comfort from their announced cutbacks and that prices will rise. North Sea Brent crude oil for delivery in January moved 10 cents higher on news of yesterday's agreement to $18.90 a barrel.

Opec agreed to restrict its production to 24.58m barrels of oil a day (b/d) after both Saudi Arabia and Iran said they would trim their output.

Although Kuwait had insisted on a quota of 1.75m b/d, the emirate agreed to produce 1.5m b/d and to boost its output when market conditions and prices allowed.

The new production ceiling will be in place for the first quarter of next year when the organisation expects demand for its oil to be around 25m b/d. But member nations have said they will try to implement cutsin December in order to give additional support to prices.

As part of the agreement, Iran will cut its output to 3.49m b/d from 3.8m b/d which Mr Gholamreza Aqazadeh, the Iranian oil minister, claimed it was producing in October. At the same time Saudi Arabia will shave its output slightly to 8.39m b/d from 8.4m b/d. Ministers from both countries had earlier refused to cut output.

A compromise was reached after all-night talks on Thursday with Mr Alirio Parra, Venezuela's minister of energy and mines and Opec president.

The agreement does little more than reinforce the status quo since production by Opec countries is currently at 25m b/d. Without Ecuador, which officially left the organisation at this meeting, production is 24.7m b/d, implying a cut of little over 100,000 b/d.

But oil traders say the fact that countries will try to implement cuts straight away gives a signal to the market that production discipline will be reintroduced. In addition, this agreement marks the first time for over a year that Iran or Saudi Arabia has not expressed grave reservations about the outcome.

"I think the agreement will get an improvement in price of one to two dollars a barrel, maybe by the end of the year," said Mr Hacene Mefti, Algeria's energy minister.

Scandal drains Miyazawa support

By Charles Leadbeater in Tokyo

SCANDAL has taken a heavy toll on Japan's ruling Liberal Democratic party with public support for the government falling sharply in recent months to 30 per cent.

An opinion poll showed that the government of Mr Kiichi Miyazawa, the prime minister, was now as fragile as that of Mr Noboru Takeshita in April 1989, when he had to resign over the Recruit scandal.

The sharp rise in disapproval of the government and the party is likely to intensify the instability at the top of the LDP as it prepares for a highly sensitive cabinet reshuffle.

The party's leadership has already been destabilised by a power struggle provoked by the Tokyo Sagawa Kyubin scandal. A split in the LDP's largest faction could follow.

The public outcry over the long running scandal is likely to intensify next week with mounting pressure on Mr Takeshita.

He will be asked to clarify how much he knew about the role of organised crime in 1987 in halting a right-wing campaign against his bid to become prime minister.

The opposition parties have called on Mr Takeshita to testify to the parliament's upper house after giving evidence to the lower house on Thursday. That testimony drew a critical public response yesterday.

The opposition parties are considering putting a motion calling on Mr Takeshita to resign from parliament.

● Japan's industrial production in October was 2.6 per cent down on September and 6 per cent down on October last year, the Ministry of Trade and Industry said.

Inventories of unsold stock, expected to drop as production falls back, rose by 1.4 per cent for the same month, however.

Standard sues over Bombay losses

STANDARD Chartered is sueing 16 banks and financial institutions, including Citibank, for Rs6.5bn (£150m) of the Rs8.9bn it says it has lost in the Rs35bn Bombay securities scandal, writes Shiraz Sidhva in New Delhi.

The claims relate to securities transactions between August 1991 and April 1992 and have been filed to recover "dishonoured transactions" against Citibank and several Indian banks.

Unemployment up

France suffered a sharp rise in unemployment last month to 10.4 per cent, writes Alice Rawsthorn in Paris. More than 24,400 jobs were lost, according to the employment ministry figures. Retail prices rose by 0.3 per cent in October.

Missile sale

Malaysia is to become the first non-Nato customer for Shorts Starburst air-defence missile, a British laser-guided weapon publicly unveiled only last year after it had been deployed in the Gulf war, writes David White in London.

Efta trade pact

The seven-state European Free Trade Association (Efta) concluded a free trade agreement yesterday with Romania covering industrial goods as well as processed farm products and fish, reports Reuter in Geneva.

Bloc enlarged

Five former Soviet republics and Afghanistan are to join the Economic Co-operation Organisation (ECO) of Iran, Pakistan and Turkey, Reuter reports from Islamabad. The former Soviet republics are Turkmenistan, Kyrgyzstan, Tajikistan, Uzbekistan and Azerbaijan.

Hong Kong to start airport work

By Simon Davies in Hong Kong

HONG KONG'S legislators yesterday narrowly supported the government's proposals to go ahead with the site preparations for the controversial Chek Lap Kok airport.

The vote by the Legislative Council's finance committee, comes despite continued opposition from China. Beijing has yet to approve the financing package for the HK$167bn (£14.3bn)airport.

The vote raises concerns over the level of support Governor Chris Patten can expect for his proposals on political development, which have met fierce opposition from China.

The Honk Kong government was forced to make concessions to push the financing package through, cutting funding proposals by HK$1.9bn to only HK$6.7bn. This enabled it to win the support of the United Democratic Party, which holds 13 seats in the 60-seat council.

The more conservative political group, the Co-operative Resources Centre (CRC) voted against the motion, saying it was concerned with the divisive nature of the project. The proposals were passed by 27 votes to 25.

China said in July it would approve the site formation contract. But the Hong Kong government, seeking an overall approval, turned this down.

The approval of the financing package comes just three days before the contract to the Nishimatsu consortium was due to expire. Failure to agree would have resulted in escalating costs as a new tender would have to be launched.

The colony's stock market continued to shrug off political concerns yesterday, but the business community was bracing itself for an aggressive response from China over the inevitable implication that Hong Kong was pushing ahead with the airport on its own.

'There have been burglaries, phone taps, harassment and overt threats to me and my colleagues'

Spens is acquitted and savages SFO

By John Mason

LORD SPENS, the former managing director of corporate finance at Henry Ansbacher merchant bank, yesterday *finally won his High Court* battle to be acquitted of fraud charges brought against him following his involvement in the Guinness affair.

His name cleared, Lord Spens left court to launch a vitriolic attack on the Serious Fraud Office and other government departments, accusing them of acting with "staggering malevolence" against him and other defendants in the Guinness trials.

He is also considering suing Henry Ansbacher and the Bank of England for damages over his dismissal from the bank after details of the Guinness affair first became public.

Lord Spens was acquitted of the two charges of fraud and false accounting which had been left on the file following the collapse of the second Guinness trial last year.

The fraud charge related to alleged dishonest concealment of material factors relating to the Guinness takeover of Distillers in 1986.

The role of Henry Ansbacher centred on the disputed ownership of 2m Guinness shares worth £7.6m held by the bank during the takeover battle with Argyll.

The trial was abandoned after 73 days when Lord Spens' co-defendant, Mr Roger Seelig, the former Morgan Grenfell corporate financier, suffered a nervous breakdown while defending himself in court.

The trial judge, Mr Justice Henry, refused to acquit Lord Spens and ordered the "stay", saying he had brought the prosecution on himself.

Two High Court judges yesterday ruled Mr Justice Henry had been wrong to reach this decision since he did not have the power to order the stay.

However, they rejected Lord Spens' application for his legal costs, totalling about £365,000, to be paid from public funds.

Lawyers for Lord Spens are considering whether this ruling can be challenged in the House of Lords.

Afterwards, Lord Spens launched a salvo of bitter criticism against the SFO, the Home Office, the Department of Trade and Industry, the Bank of England, and the security services for "leaving no stone unturned" in trying to convict the Guinness defendants.

He said: "There have been burglaries, phone taps, harassment and overt threats to me and my colleagues; interference with witnesses' evidence, public interest immunity certificates and failure to disclose important documents.

"Roger Seelig's health has been destroyed and, but for a fine heart surgeon, I would have been killed off too.

"I intend to take my seat in the House of Lords where I will work, amongst other things, for the radical reform of the Serious Fraud Office, which I consider to be nothing more than a cowboy outfit with a gunslinger mentality."

Lord Spens said the prosecution had a "disastrous" effect on his personal financial situation, having cost him a total of about £750,000.

He intends to return to work, but conceded this would probably be only on the "periphery" of the City.

Ashley Ashwood

Lord Spens leaves the High Court yesterday after winning his battle for acquittal on fraud charges arising from the Guinness affair

Tube faces new strike threat

LONDON Underground's plans for radical changes in staffing hit a new stumbling block yesterday after the white-collar union TSSA voted narrowly in favour of strike action, Lisa Wood writes.

The vote – 373 in favour and 343 against – was in protest at a Tube reorganisation plan which will alter terms and conditions for its staff with a reduction in salaries for about 30 per cent of employees. Unions also claim the plan could result in 5,000 lost jobs among the 21,000 employees.

Although belonging to a small union, TSSA members control signal installations and a strike could disrupt services.

Four days ago the RMT, the largest rail union, pulled back from a Tube strike after being promised renewed talks and no compulsory redundancies.

TSSA's executive will now meet next week to decide what to do next. The union said the vote had cleared the way for strike action.

London Underground said only about half the TSSA members had voted and the result seemed to indicate a reluctance to strike.

It added: "We hope we can provide additional clarification of our plans as we did with the RMT and which avoided strike action on that occasion."

Dowty wins order from Lockheed

DOWTY AEROSPACE Propellers has won a contract for the design, development and initial production of the propeller system for the Hercules II, Lockheed's new military and civil transport aircraft.

The propeller company, one of the Dowty businesses acquired by TI Group earlier this year, will deliver the first propeller systems in 1995. Full production is expected to exceed 500 aircraft, giving Dowty sales of about $300m (£197m) from 1995 to 2010.

Mr Christopher Lewinton, TI Group chairman, said: "This is excellent news for Dowty Aerospace and for TI Group. It is a significant contract to win in a difficult market."

400 jobs to go in south Wales

NEARLY 400 jobs are to be lost at two south Wales engineering companies.

Borg-Warner, which makes automatic gearboxes, is shedding 235 workers at Margam, West Glamorgan.

Powell Duffryn is closing its Cardiff railway rolling stock workshops at Christmas with the loss of 136 jobs.

Record for Ulster tourism expected

THE number of visitors to Northern Ireland is expected to rise this year by 4.6% to a record 1.24m, the province's tourist board said in its nine-month survey yesterday.

Most visitors were from Great Britain and North America.

Quality assurance after water strike

NORTH WEST WATER yesterday said that the quality of supplies had been unaffected by strike action yesterday by *Nalgo*, the public-service union.

Nalgo members are taking selective action in protest at the water authority's plans to introduce performance pay and make about 300 staff redundant.

Union to ballot at Sweb Retail

ABOUT 300 members of Nalgo are to be balloted at Sweb Retail, the jointly owned retailing arm of South Western Electricity and South Wales Electricity.

The ballot is over moves to change terms and conditions for 1,100 employees from those centrally negotiated in the electricity supply industry to those more in line with competitors in retailing.

Grid halves rise in south-west charges

NATIONAL GRID, which manages the electricity system in England and Wales, has agreed to halve proposed increases in charges for Devon and Cornwall to about a third of a per cent a year for four years.

National Grid decided earlier this year that charges reflect more the cost of provision.

Lamont card leak 'planned'

By Alan Cane

COMPUTER specialists yesterday ruled out opportunism over the leaking of Mr Norman Lamont's credit-card transactions. They said that the security surrounding bank card processing systems almost certainly ruled out chance.

One said: "Somebody wanted that information and somebody, not necessarily the same person, knew how to get it".

National Westminster Bank, whose Access subsidiary is the subject of an internal investigation and an inquiry by the data protection registrar, yesterday refused to give details of its system security.

Mr Gary Tobin, a senior vice-president of First Data Corporation, denied his company could be responsible for the leak, which claimed Mr Lamont had overspent on his £2,000 Access card limit. The US computer company's UK subsidiary, First Data Resources, processes Access credit card data under contracts from National Westminster, Midland, and Lloyds Bank, as well as the Royal Bank of Scotland.

He said: "Some of the information published is not held on our system, which makes it unlikely we could be the source of the leak."

It is not yet known whether details of Mr Lamont's account was obtained from a computer or paper records.

Card processors are conscious of their obligations under the Data Protection Act and financial data is typically processed in conditions of high security. Passwords and security badges are necessary to enter computer centres and codes are used to gain entrance to computer rooms.

Several levels of password will be necessary to gain access to the computer system.

These systems, and printers used to produce warning letters, will be held in extra secure areas. Investigators will have access to an audit trail which will show which or terminal was used for every transaction, at what time, and which password was used.

It is unlikely, nevertheless, that each screen is held in a separate room. However, an organisation like Access could have more than 100 junior staff working on screens – allowing the possibility of electronic eavesdropping.

Politicians play the local numbers game

Alison Smith reports on warnings from both sides over the council tax

MR Michael Howard, the environment secretary, and Mr Jack Straw, his Labour shadow, have two things in common. Both are barristers, and both have warned extensively against trusting forecasts of council tax levels.

Mr Straw's warnings derive from suspicion that the government is in the business of producing misleading figures. Mr Howard insists that council tax levels will be set by local authorities, and so he will not authorise any forecasts.

Mr Howard's approach contrasts with the government's readiness in past years to produce reams of poll tax numbers, at a time when there was greater freedom for councils to run their own budgets.

Nonetheless, he has not been able to avoid being drawn into the numbers game. In admitting the basis on which the department had been doing its grant calculations, he has made a significant contribution to the first set of forecasts which have already appeared.

The departmental figures cannot reflect personal circumstances. Single-person households will get a 25 per cent discount, 3m people in England on low incomes will pay nothing and another 2m will pay a reduced charge.

Nor can they reflect whether an individual's bill will be reduced through the £340m transitional relief scheme.

In broad terms, however, the department's figures give a reasonable guide to the likely levels of bills, provided that some caveats are taken into account.

The calculations assume, for example, that councils spend at the level of government assumptions, rather than take advantage of the slight scope for spending above that level that exists even in the increasingly rigorous "capping" regime which gives ministers extensive control over council budgets.

Other factors likely to increase the size of the bills include the allowance that councils will have to make for the potential shrinkage of the tax base, perhaps because there are more single-person households or because people successfully appeal against the banding of their homes.

And the ghost of the poll tax still hovers over local government finance, with poll tax arrears outside the capping system and – in a few areas – capable of adding substantially to council tax bills.

In a year when the settlement has been so tight, it may seem implausible (except in the London Borough of Wandsworth) that some bills could be lower than the department envisaged. Yet this may be true in some areas, because of the politics of local government.

The tax comes at a time when shire districts and counties are acutely conscious of the local government organisation review. Sir John Banham, who leads the review in England, is drawing up the first of his reports on how local government should be slimmed.

Ministerial preferences for unitary authorities have pitted councils against each other, while government emphasis on opinion polling as a factor in whether a council should survive, gives an incentive beyond the county council elections in May to seek local popularity.

Council tax bills will show separately the costs imposed by a county and by a district: those councils which still have balances may well be tempted to use them to keep bills down as part of the campaign for continued existence, or in a final spending of their resources if they know they are doomed.

So far as national politics are concerned, decisions on local spending appear based on a cool judgment by ministers that it is more important to keep bills as low as possible than to worry about the squeeze on services. Seeing ministers stumbling from political disaster to PR calamity has become so familiar that it comes as almost a shock to realise that that judgment looks right in the immediate terms of Westminster.

The clampdown on spending, means that the transitional relief scheme, although modest *in cash terms, should* be enough to see off the worst concerns in London and the south-east among Tory voters.

A shrewd assessment of the position came from one Whitehall official who said: "The problem is likely to be with the [spending] settlement, not the tax."

Although cries of anguish from local authorities are routine in response to every recent local government finance statement, there is little doubt that this year budgets are under severe strain. The increasing noise from Tory councils in this chorus is an ominous sign that the spending settlement may lead to local revolt.

The opposition will need to work hard if it is not to be only local. The Commons is used to hearing reports of fewer home helps, fewer library opening hours, worse conditions in schools. It is harder for the *opposition to embarrass the* government with these examples than with the case of a pensioner couple in receipt of a squillion-pound poll tax bill, but it still looks the most likely ground for the battle.

Mr Straw has made a start, but there is a long way to go. For Labour, the task is to make the council tax about jobs and services.

PROPERTIES ASSESSED FOR COUNCIL TAX

Band	Number in England	Number in London	Estimate of bill†
A (under £40,000)	5,245,375	85,794	£329
B (£40-52,000)	3,827,600	384,389	£384
C (£52-68,000)	4,377,279	791,263	£439
D (£68-88,000)	2,911,535	746,103	£494
E (£88-120,000)	1,812,610	471,029	£604
F (£120-160,000)	982,586	233,020	£713
G (£160-320,000)	747,679	196,288	£823
H (£320,000-plus)	120,702	53,336	£988

Source: Valuation Office Agency †Using Department of Environment figures

Straw attacks government pledges over council jobs

By Ivo Dawnay, Political Correspondent

ABOUT 45,000 local authority employees lost their jobs last year, Labour said yesterday, contradicting repeated government denials that there have been any redundancies arising from the council funding squeeze.

Mr Jack Straw, the shadow environment secretary, said the figures proved government pledges that the council tax would not affect employment were not to be trusted.

Mr John Major, said this week that past Labour warnings of job losses "have never yet become fact" while Mr Michael Howard, the environment secretary, said there was "no need" for the new tax to provoke job losses.

Statistics compiled by Local *Authority Joint Staffing Watch* and examined by independent House of Commons' researchers show that about 34,000 full-time and 11,000 part-time jobs were lost in England in the year to June; of which 6,700 were full-time teachers and 7,500 part-time teaching staff.

Mr Straw said the "conditional" language of Mr Howard during his statement on the local government spending settlement had tacitly indicated there might be redundancies. He also quoted a Tory council leader in Harrow and Northwood anticipating job losses and service cuts as a result of *government policies.*

Releasing an action plan for Labour councillors, he stressed that authorities must make clear to electors that cuts are a direct result of central government parsimony. A careful look at the plan shows Labour has been put on the defensive. It is aware many voters will blame the cuts in jobs and services on local politicians.

Concern at directors' pay levels

By David Goodhart, Labour Editor

THE LARGEST study of the link between top directors' pay awards and company performance has found there to be no such connection since the economic downturn began in 1989.

The study, of 288 of Britain's top 500 quoted companies, will add weight to the call by Mr John Major, the prime minister, for tighter control of pay in the boardroom in the light of the public-sector pay squeeze.

The researchers, from the London Business School and the Centre for Economic Performance at the London School of Economics, looked at the salary-plus-bonus level of the highest paid director – which has to be disclosed under the Companies Act – and companies' share price and dividend returns between 1983 and 1991.

They found that during this period the rate of growth of directors' remuneration averaged about 20 per cent per year and was "very weakly" linked to performance.

They said, however, that any such link broke down after 1988 "when the very high pay awards received by top directors in the recessionary period up to 1991 appear to be unrelated to the performance of their companies, whether corporate performance is measured using stock market data or using accounting data on earnings per share".

The researchers added that it was corporate growth that was the most important determinant of pay, "which calls into question the effectiveness of current systems of pay determination for top company directors".

The link between increase in sales and increase in pay was very strong, with a 50 per cent increase in sales leading to an increase of at least 10 per cent in pay.

They concluded that high pay awards for directors irrespective of the company performance should be a cause for concern for anyone who owns shares, directly or indirectly, since the failure to set incentives in ways that align the interests of directors with those of shareholders was likely to reduce shareholders' returns.

"Also, if remuneration is driven more by size than performance, then directors have a clear incentive to pursue merger and acquisition activity regardless of any benefit to shareholders, workers, or the economy as a whole."

Another recent analysis by Incomes Data Services, the pay research group, with a sample of 89 of Britain's top 100 companies, similarly found "no discernible relationship" between performance and pay.

Of the 26 companies where profits and/or earnings per share fell substantially, 23 of the most highly paid directors received pay increases.

The Disappearing Relationship Between Directors' Pay and Corporate Performance, Centre For Economic Performance. Tel 071 955 7284.

LOCAL authorities and the National Health Service are still having difficulty in recruiting certain types of specialist and professional staff, according to a survey by pay analysts Incomes Data Services.

This is in spite of the fact that the recession has generally eased recruitment and retention problems.

Local authorities have the biggest difficulty in recruiting environmental health officers. This is followed by engineers, accountants and social workers.

In the NHS the biggest shortages are reported for occupational therapists, clinical psychologists and physiotherapists.

Building bridges to the outside world

Richard Lapper meets a man who hopes soon to bring 'central disciplines' to the insurance market

MR DAVID ROWLAND is almost certain to be elected chairman of Lloyd's of London next week in succession to Mr David Coleridge. He said he aimed to make the insurance market less stuffy and more "user friendly" for the thousands who do business there.

"I have always worked with an open door," said the urbane Mr Rowland, 59. "Too often in the past things seem to have been done to separate us off from the outside world. People come to a dinner and go away wondering what Lloyd's is all about."

Mr Rowland said he would like to get closer to the market's traders than some of his predecessors. Ideally he would relocate his offices closer to the three lower floors on which the market's more than 200 syndicates conduct their business.

"I want to get as close to the market as possible – both the knowledge and the atmosphere," he said. "We want to persuade our visitors that the place is really humming."

Mr Rowland will work with Mr Peter Middleton, the tough-talking north-easterner recruited to Lloyd's from Thomas Cook, the travel concern, to be chief executive, and with Mr Brian Garraway, the former BAT Industries deputy chairman who will be in charge of regulation. They are offering more than changes in style.

They are promising a radical reform programme to improve the market's efficiency, to make it more competitive in the international market for specialised commercial insurance and reinsurance, and above all to make it more profitable.

That seems like a tall order. Lloyd's is still grappling with some of the worst trading conditions it has ever experienced. Mr Rowland will have to report losses of more than £1bn to Names, the individuals whose capital supports the market, when figures for the 1990 year become available. Lloyd's could still be in the red in the 1991 underwriting year.

Thousands of loss-making Names are in dispute with their agents and potential liabilities from North American pollution and asbestosis claims could easily offset the impact of the recent increase in rates.

Trevor Humphries

David Rowland: "I've been very exercised by the way in which Lloyd's thought of itself"

Mr Rowland has had a big hand in designing the reform programme. Last year he presided over a task force of 14 Lloyd's underwriters, brokers and outside experts, whose report – Lloyd's: A Route Forward – laid down 65 specific reforms and outlined a blueprint for far-reaching change.

Lloyd's has implemented many of the measures recommended by the report, including modifying the market's traditional principle of unlimited liability, giving Names new powers and rights and moving to attract corporate capital to the market.

The new team also plans to re-examine the market's approach to a number of problems considered to be almost intractable by the task force report.

Mr Rowland says he is anxious to do more for the problems of Names who have been forced to leave the market because of past losses, sometimes suffering financial ruin.

The main aim of the reform programme was to enable Lloyd's to compete more effectively in international markets.

Mr Rowland is chairman of Sedgwick group, a broker which does well over half its business outside the UK, and he is more keenly aware of these realities than any of his predecessors at Lloyd's.

He was a member of the Lloyd's council – the market's governing body – between 1986 and 1990 and said the council failed to "appreciate the reality" of the way in which companies from Europe and North America were eating away at its business.

He said: "I've been very exercised by the way in which Lloyd's thought of itself. I once threatened to hold up at each meeting a placard with the annual premium income of Allianz [the German company which is the biggest insurer in the world] just to encourage Lloyd's not to look inwards."

He said he was frustrated on the council by the cumbersome way Lloyd's ran its affairs and was particularly concerned about the way the demands of self-regulation inhibited the council's ability to provide effective strategic leadership to the hundreds of separate syndicates, agencies and brokers which do business in the market.

Mr Rowland confessed "absolute fascination" with the problem of persuading a "fiercely entrepreneurial market" to continue competing while observing enough "central disciplines" to control the market.

Mr Rowland said: "On bad days you think it is impossible to reconcile these two things."

He takes heart from the fact that in the last few years many big corporations have sought to promote entrepreneurship within their organisations.

The issue was studied in detail by the task force which recommended that the Lloyd's corporation should separate its responsibilities for regulation and for providing business services to the market's syndicates and agencies.

Lloyd's agreed in the summer to do this, after much prevarication, creating a market board to spearhead business development. It was an important factor in persuading Mr Rowland to accept the chairman's job.

The decision to make the chairman's post a salaried one for the first – it will pay at least £400,000 a year – cleared a remaining obstacle for Mr Rowland, who said he needs a regular income.

Mr Rowland's interest in management might mark him off from many of the insurance market's old guard, but he is still – in some senses – a Lloyd's traditionalist at heart.

He has worked in or near the market all his working life and believes strongly in the market's historic strengths.

He said: "Until the early 1980s Lloyd's demonstrated itself as being the most efficient way of doing business."

Until the scandals of the 1970s and early 1980s "the whole quality of the place was that business was done because of a reputation of trust for the individuals within it".

Mr Rowland said that despite all his misgivings it was ultimately a belief in these values that persuaded him to accept the job.

He described his worst fear as being seen by two other players on the 18th hole of his favourite golf course missing a putt. "One man turns to the other and says: 'Isn't he the guy who they wanted to be chairman of Lloyd's?' And the other one turns and says: 'He can't putt either'."

Income tax returns to fall

By Andrew Jack

INCOME TAX receipts will fall by 4 per cent this year, according to Inland Revenue statistics released yesterday.

The figures – which were compiled before the Queen agreed to pay income tax on Thursday – project total revenues from income tax at £60.6bn for 1992-93 down from a total £63.1bn for 1991-92.

The top 5 per cent of taxpayers will pay a larger proportion of income tax for the current year than for the previous 12 months – up from 31 per cent to 32 per cent.

The estimates suggest that the top 1 per cent of taxpayers will pay 15 per cent of income tax during the current year, the same proportion as last year, while the bottom half of taxpayers will pay 14 per cent, down 1 per cent.

The statistics show that there are 24.8m income tax payers this year, including 2.2m in the lowest range with gross income between £3,445 and £5,000, and 700,000 earning more than £40,000.

Total income before tax is £367.4bn and total income after tax is £306.8bn, giving an average income tax charge for taxpayers of 17 per cent.

Estimated personal wealth for 1990 is £1,235bn, with the distribution barely changed on the level last year. The top 1 per cent of the adult population held 14 per cent of wealth, the top 10 per cent 43 per cent and the top half 90 per cent.

In 1989-90, the latest year for which accurate data is available, employment income accounted for 71 per cent of total income of £333bn. Profits and professional earnings were 11 per cent, investment income 11 per cent, occupational pensions 4 per cent and national insurance pensions 3 per cent.

Inland Revenue Statistics 1992. HMSO. £19.50.

Cadbury committee to demand code compliance from companies

De-listing penalty urged

By Andrew Jack

QUOTED companies should be required from next summer to state whether they comply with the Cadbury code of corporate governance on pain of de-listing by the Stock Exchange, the Cadbury committee has decided.

The recommendation will come in the final version of the Cadbury report due out on Tuesday, and represents determination by the committee to stand fast against opposition to the penalty by the exchange.

Companies failing to provide a statement in their annual accounts saying they comply with the code – or giving reasons why not – are likely to be forced by the Stock Exchange to issue a statement.

Any which did not comply could ultimately be de-listed, although the Stock Exchange is keen to play down this measure.

In an interview with the Financial Times, Sir Adrian Cadbury, chairman of the commitee on the financial aspects of corporate governance, called the disclosure "an essential piece of the machinery" for effective corporate governance.

He said the main parts of the report would resemble the original issued last May, with greater clarification that non-executive directors remain an integral part of a unitary board of a company with the same obligations as executive directors.

This follows criticism from bodies including the Confederation of British Industry that the report called for non-executive directors to take on a separate, supervisory role, creating a two-tier board structure.

The report will continue to request a statement of compliance, but will rely on the Auditing Practices Board to develop detailed guidelines on which aspects of the code auditors will comment.

Sir Adrian said the new version of the report would be written more clearly, in an effort to make it a more usable long-term guide for boards.

It will also acknowledge that there are some concerns over the Caparo judgement in the House of Lords, which severely limits the legal responsibilities of auditors.

He dismissed criticism that the recommendations would not prevent another failure of corporate governance such as the activities conducted by the late Robert Maxwell.

He argued that it would influence the greater majority of companies.

Some 210 organisations and individuals have responded to the code since it was issued.

Sir Adrian said the report would be followed by a series of other studies outside the present remit of the Cadbury committee.

Accounts changes 'need clearance'

By Andrew Jack

COMPANIES ARE to be urged to request clearance for any innovative accounting treatments before using them in their annual accounts.

The Financial Reporting Council, the co-ordinating body for Britain's new accounting standards regime, is to ask companies and their auditors to discuss innovative accounting approaches with the Urgent Issues Task Force.

The move will bring the work of the task force more in line with its equivalent in the US, where companies regularly ask for expert opinion in a similar way.

The British task force tends to be merely reactive, acting to stamp out perceived accounting abuses after they appear in a company's published accounts.

The call for pre-approval will come in the council's annual report, which is due in mid-December. It follows discussion of the issue at the board meeting earlier this week.

While the Accounting Standards Board has embarked on a lengthy and ambitious programme to overhaul UK financial reporting standards, the task force has acted more quickly on points of dispute. It has issued several controversial guidelines in the past few months, including one on the treatment of the goodwill element of acquisitions when sold and one on transfers between fixed and current assets.

The latter ruling was widely seen as a response to the treatment of Trafalgar House's 1991 accounts, which led to the company being forced by the Financial Reporting Review Panel to reduce its pre-tax profits by £83m.

The Accounting Standards Board also told the council board meeting this week that it only expected to issue two new financial reporting standards next year: on off-balance sheet financing and on capital instruments.

It said this reflected the intention to consult widely on the issues and to give preparers of accounts and the accountancy profession time to change.

The ASB has already issued three standards since it was created just over two years ago, including one in late October on the structure of the profit and loss account.

Mark Thatcher accused on arms

By Ivor Owen, Parliamentary Correspondent

MR MARK THATCHER, son of the former prime minister, was alleged in the Commons yesterday by Mr Tom Dalyell, Labour MP for Linlithgow, to have been "up to the neck" in selling arms-making equipment to the Iraqis.

Mr Dalyell also accused Mr Alan Clark, the former trade minister whose evidence led to the acquittal of the defendants in the Matrix Churchill trial, of not telling the truth to the Commons trade and industry committee.

Mr Dalyell, speaking with the protection of parliamentary privilege, said statements made about Mr Thatcher in the Channel 4 programme Dispatches raised questions going to the heart of government and had to be cleared up.

He insisted he was not getting at the former prime minister, but suggested Iraq might be forgiven for being surprised by the reaction of the west to its attack on Kuwait.

He said the Iraqis knew that Mr Thatcher was "up to the neck" in selling them arms making equipment.

There was a good deal of circumstantial evidence that they had jumped to the conclusion that "if Mark Thatcher was involved the general policy had the imprimatur of prime ministerial approval".

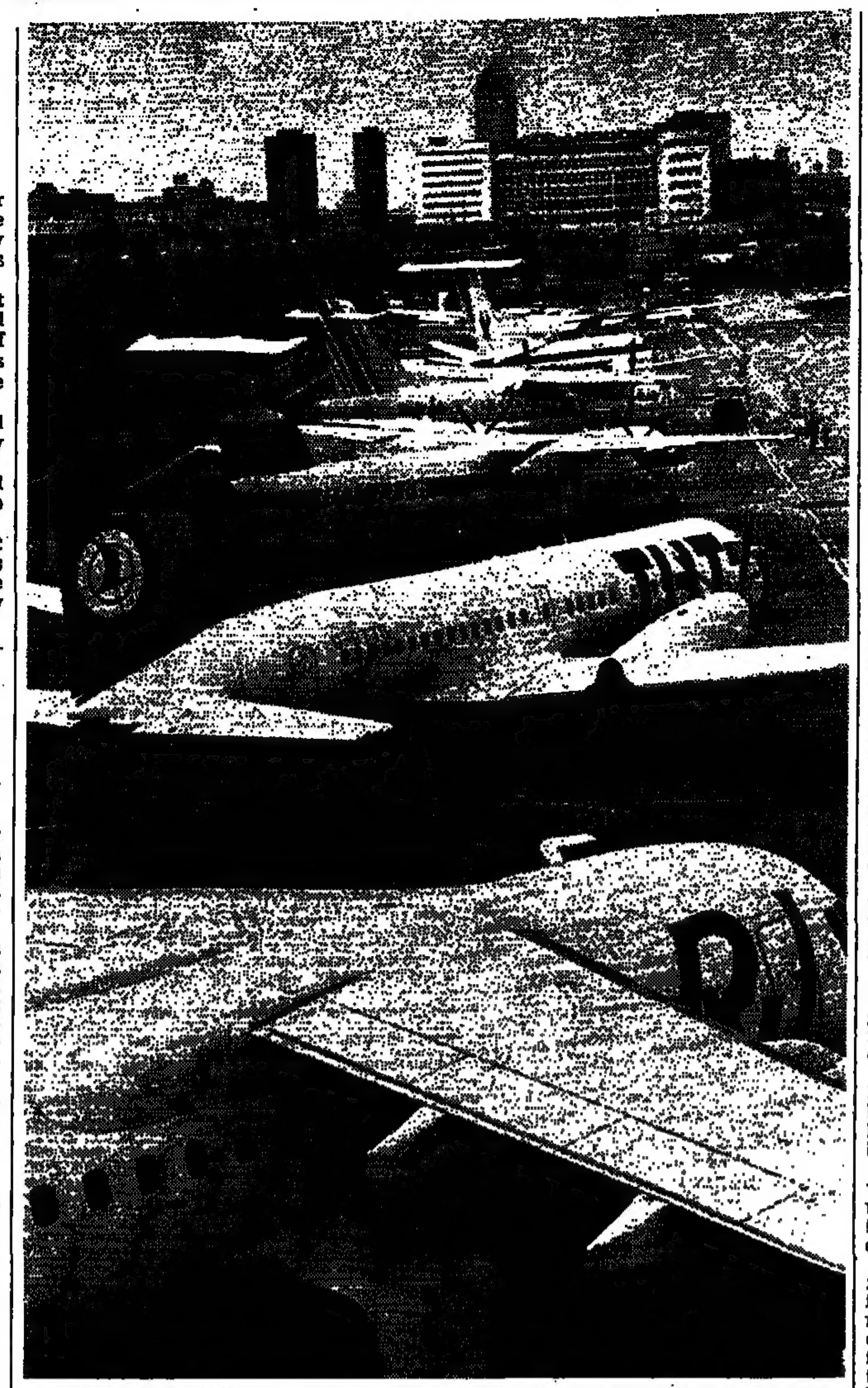
In the course of posing a series of "very serious and careful questions," Mr Dalyell asked whether the government could confirm or deny allegations about a deal made in September 1985 for British arms to be supplied to Saudi Arabia.

Had Mr Thatcher been paid £10m in commission, with a promise of a further £10m, after the signing of a memorandum of understanding?

Mr Dalyell called for a strengthening of the powers of Commons committees after alleging that Mr Clark had played "ducks and drakes" with the trade and industry committee.

Mr Dalyell said "A lot of his evidence was frankly just not true and not what he must have known to have been the truth".

Mr Douglas Hogg, foreign office minister of state, who stressed that reassesment of relationships with the Arab world was the primary purpose of the debate, ignored the questions about Mr Thatcher.



A "bankers shuttle" airline service between London and Frankfurt is to be launched in the spring, Paul Betts writes. Business Air, a small Aberdeen-based carrier, plans to start operating the shuttle from London City Airport in Docklands with three flights a day using a British Aerospace 146 regional jet. The services are a further boost to the airport, which is trying to establish itself as a business airport with connections to the other European business centres. Since the recent extension of the runway, BAe 146 jet services have been launched this year to Zurich and Berlin, among other destinations. Mr Ian Woodley, Business Air's managing director, said yesterday that his airline was considering services between Aberdeen and London City.

Chief chosen by 3i lobby

By Paul Cheeseright, Midlands Correspondent

COMPANIES in which 3i, the venture capital group, has an investment yesterday established an organisation, which has not yet been given a name, to represent their collective interests.

Representatives from about 88 companies gathered at a private meeting in Birmingham and decided unanimously to found the organisation. A further 120 companies have made commitments to join.

Mr Barry Baldwin, managing director of A.E. Poeton, metal finishers, will be the first chairman.

The decision to found an organisation was prompted by concern over the future of individual companies once 3i is floated on the stock exchange.

There have been fears that, to maintain dividend payments to its new shareholders, 3i might take a short-term view of its risk capital investments.

The biggest venture capital group in the UK, 3i has investments in over 4,000 UK companies.

It is owned by the Bank of England and the clearing banks, with Barclays and National Westminster as its biggest shareholders.

A Stock Exchange flotation, which would have valued 3i at more than £1bn, was planned for this year but has been delayed.

Before the Birmingham meeting, there were complaints from some of 3i's client companies about a lack of communication and a lack of interest from 3i. There were proposals that client companies should have representation on the 3i board and have preferential treatment in any 3i share issue.

But after the meeting, members of the seven-strong committee set up to run the new organisation were anxious to distance themselves from both such proposals and any criticism of 3i. They stressed the need for communication with 3i.

"As far as I am concerned, we are starting with a clean page. We just want to talk," said Mr Baldwin.

Mr Alan Wheatley, chairman of 3i, told colleagues he would be glad to meet Mr Baldwin to discuss new ideas.

The new organisation is the brainchild of Mr John Garrod, chairman of Rite-Vent, a Tyne and Wear engineering company, which sponsored yesterday's meeting.

Rite-Vent has issued a writ against 3i, alleging negligence. To avoid a conflict of interest, Mr Garrod declined to stand for election to the new organisation's committee.

Banks seek Lamont meeting

By John Gapper, Banking Correspondent

BANKS responded yesterday to criticism that they have not passed on all base rate cuts to small businesses, and asked for a meeting with Mr Norman Lamont, the chancellor.

The move came as a study of small businesses' relationship with banks found most did not think bank charges were unreasonable, but arrangement fees and fees for minor administrative services caused considerable irritation.

Sir Nicholas Goodison, president of the British Bankers' Association, wrote to Mr Lamont requesting a meeting. The association said it waited 10 days for bank chairmen to be contacted by Mr Lamont after he said he wanted a meeting.

The association's letter marks an attempt by banks to defend themselves against charges of making excessive profits from small businesses. Mr Lamont asked the Bank of England to extend an earlier inquiry into bank lending.

Sir Nicholas said in his letter that the Bank's inquiry last year into lending policies had shown that criticisms were "largely unjustified". He said he wanted to discuss recent criticisms in that context.

Sir Nicholas said he and senior bank executives wanted to talk about "the effects of the economic background of the last few years on the banks, and the need for a strong banking industry based on sound capital and fair competition".

Mr Lamont told the Commons Treasury and Civil Service committee 10 days ago that he would ask the chairmen of the clearing banks about lending policies. The association said none of its members had been contacted.

Music factory falls foul of recession

Michael Skapinker on the threat to 'independent' companies from the big recording conglomerates

WHEN FACTORY Communications, the Manchester-based music company, went into receivership this week it was honest enough not to heap all the blame on the recession.

The company said that the "factory tried to do too many things, from adventurous buildings to ambitious recording projects, at a time when some foresight of the negative economic climate to come might have suggested restraint".

The collapse of Factory, which was founded by Mr Anthony Wilson and closely associated with Manchester's 1980s youth culture boom, casts further doubt on the viability of independent music companies. Many of those that have survived have done so only by selling out to large publicly quoted music conglomerates.

Last March, Mr Richard Branson sold his Virgin Music group to Thorn EMI. PolyGram, the London-based music group owned by Philips of the Netherlands, bought Island Records in 1989 and A&M Records in 1990. Geffen, an independent US label, was acquired by MCA in 1990. In the same year, MCA was itself taken over by Matsushita, the Japanese electronics conglomerate. In deciding it needed a music business, Matsushita was following Sony, which in 1988 bought CBS, the US record company.

One of Virgin's founders, Mr Steve Lewis, says: "As soon as a small, under-funded independent has a success, it finds it doesn't have the money to keep the artist." Mr Lewis left Virgin after it was acquired by Thorn EMI and is about to set up a music company for the UK-based Chrysalis group.

Mr Daniel Miller, chairman of Mute, one of the surviving independents, says: "It's much more difficult now for an independent than it was 10 years ago." Sales of singles are much smaller; companies have to produce albums. "Now you have to do a lot of re-mixes, you have to make a video, and you have to spend so much more on marketing."

While the costs of marketing and international distribution encourage the trend towards music industry consolidation, many artists and managers prefer the intimacy of a smaller company. Singer George Michael has complained of being treated as a commodity by Sony. Some executives who have sold part or all of their company to large music groups have not enjoyed the experience.

Mr Chris Wright, Chrysalis chairman, sold 50 per cent of his group's recorded music company to Thorn EMI in 1989 and the remainder last year. He felt that his company was no match for its larger partner. "They say there's no such thing as a joint venture and there's no such thing as a merger. You have to experience that to know that it's true," he says.

Undaunted, he is starting again. Chrysalis' new label hopes to stand midway between the larger companies and the smaller independents.

Mr Lewis says that the company intends to grow while keeping costs down by, for example, using freelance press and promotions staff. He believes he can avoid the big company trappings he encountered during his brief period at Thorn EMI.

Mr Lewis, whose last position at Virgin was managing director of music publishing, says: "When EMI bought Virgin, my financial controller was given a book the size of an encyclopaedia on how to do the accounts."

He adds: "I've observed during my time in the industry that it has become more controlled by the legal and financial professionals. They seem to have the attitude that they want consistency of product. That's why George Michael feels he's treated as a piece of software. Artists' careers don't necessarily develop consistently. Artists take diversions. If you've got artists in their twenties, you have to let them grow and find their feet."

Some executives at large groups say they recognise these problems and believe smaller companies play a crucial role.

Mr Alain Lévy, chief executive of PolyGram, says: "The independents are an important source of new product. New artists feel more comfortable in the environment of an independent – certainly for the first record."

Several of the large groups have taken partial stakes in smaller labels, promising them continued creative independence.

Last August, Sony formed a joint venture with the UK independent Creation. PolyGram has had a joint venture with Go! Discs since 1987. Go! Discs, whose artists include Billy Bragg, was founded in 1983 on a start-up budget of £750.

Mr Lévy says he tries to give PolyGram's labels, which include Polydor, Decca and Deutsche Gramophon, as much managerial independence as possible.

"Once a year they are given budgets and profit targets, but within those overall controls we let the labels operate on a quasi-autonomous basis. If you create a huge bureaucracy, new artists won't come to you. The person the artist speaks to must be able to make a decision, or the person above them must be able to. If it goes higher than that, it's a problem," he says.

Mr Wright of Chrysalis will not be the last independent company manager who finds that this relationship does not work well. A link with a large company does, however, give small labels access to an international marketing and distribution network and provides them with an infusion of new capital.

Mr Lewis points out that while marketing and distribution costs have soared, the advance of digital technology means it has never been easier to record music. "A kid can go into a shop and buy the necessary equipment and put it on the back seat of a car," he says.

Although growth is difficult, entry costs are low and working in the music business is the ambition of many. Whatever the perils, there will be others to take Factory's place.

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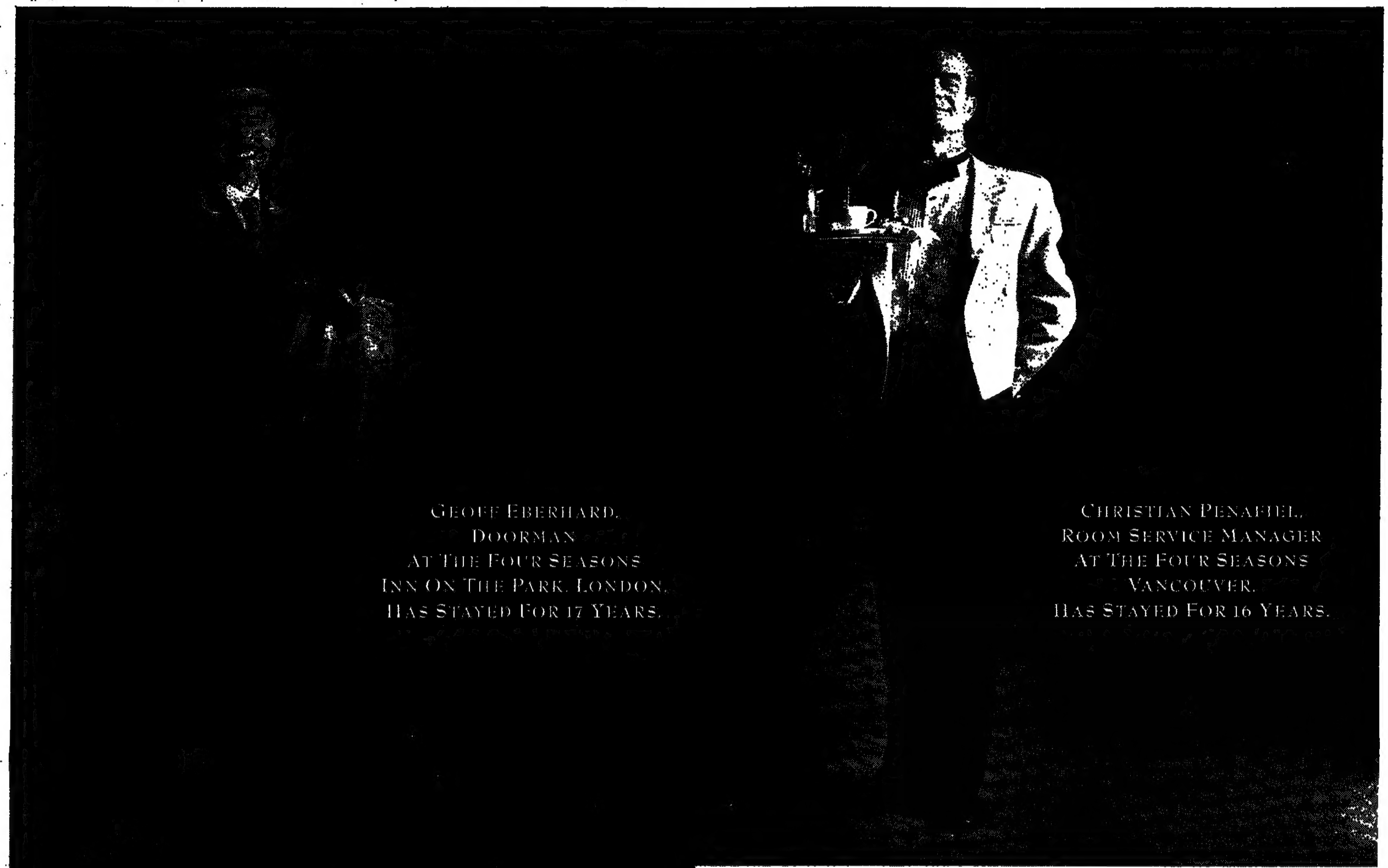

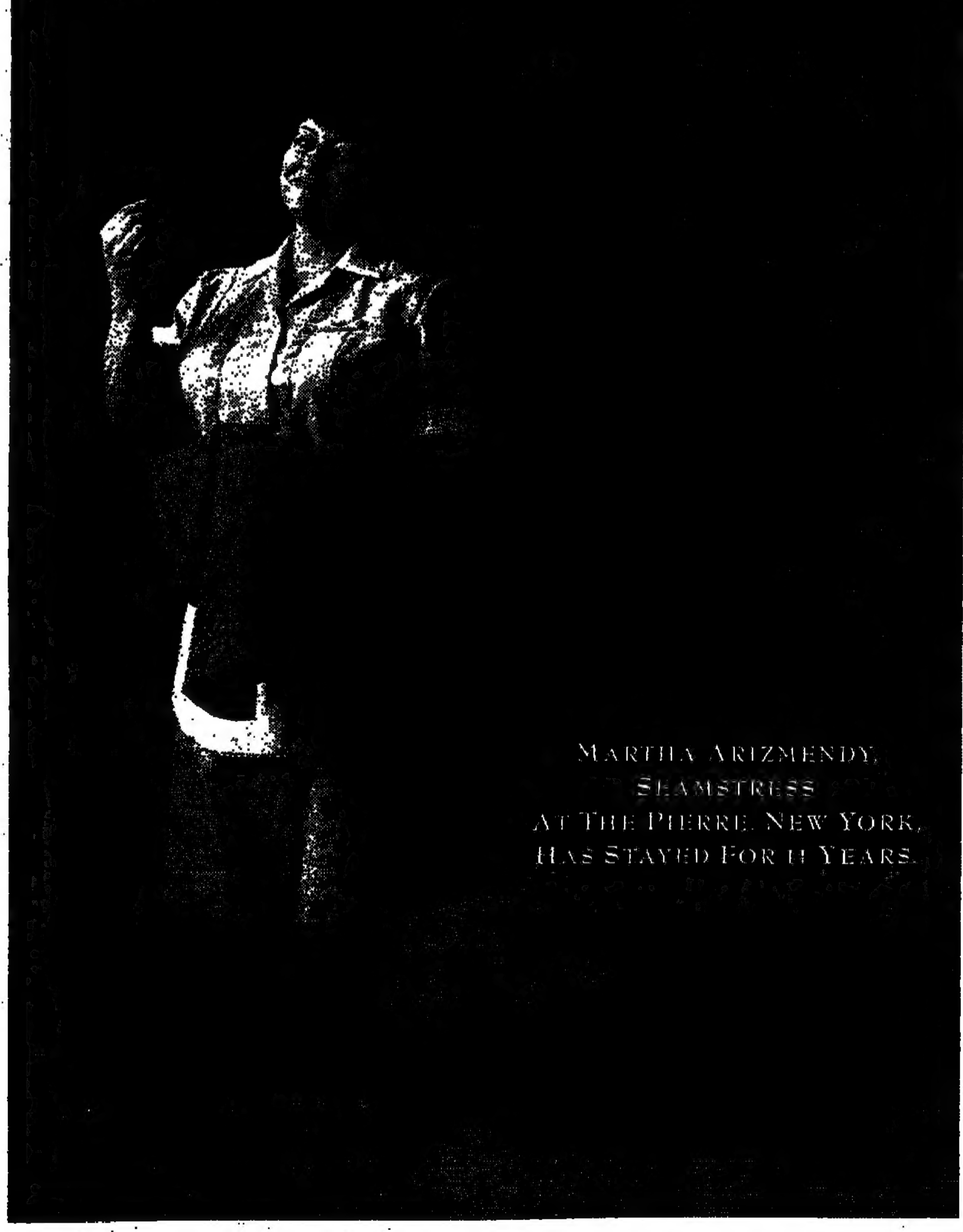

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The stresses on Europe

MR BILL Clinton, president-elect of the US, is the only leader – or soon-to-be leader – of a major industrial country who can look upon last week's economic news with pleasure. He may have the good fortune to inherit exactly the recovery Mr George Bush had claimed. By contrast with the better news from the US, the monetary data emerging from Japan are deeply disturbing. Japan's plight is greatly exacerbated by its political disarray. But if the Japanese political class is at sixes and sevens, what of Europe's? A feedback from political failure to economic disappointment and back again is becoming too firmly established.

When the original estimate of 2.7 per cent for the rate of US economic growth in the third quarter was announced before the presidential election, it was widely regarded as unrepresentative. Now the figure has been revised upwards to 3.9 per cent. This then was the strongest quarter of Mr Bush's presidency, but it came too late to save him. Will Mr Clinton avoid the temptation to over-egg the recovery pudding and concentrate instead on the medium to long-term problems of the US economy, on lines recommended by this week's OECD report?

Other economies look much more fragile. It seems strange to write of a Japan that is in serious difficulty. But it is. Japan is now in its first home-grown postwar recession.

This recession is driven by the asset price deflation that followed the inflation of the late 1980s. It reflects, in particular, the damage done to its banking system. Bad loans at the top 21 banks alone could total Y55,000bn (£293bn) over the next five years, equivalent to 12 per cent of gross domestic product. Not surprisingly, the broad money supply contracted by 0.6 per cent in October. Such a decline suggests the possibility, however remote, of a depression. But the OECD report on Japan, like the Japanese authorities, seems unwilling even to contemplate this threat.

Political infighting

Japan is inhibited by political infighting from addressing its problems effectively. The same is true of the European Community. The rot is affecting virtually every aspect of EC affairs: completion of the single market; resolution of the conflict over the EC budget; ratification of the Maastricht treaty; completion of the Uruguay Round of multilateral trade negotiations; and, not least, the ERM.

In the aftermath of the devaluation of the Spanish peseta and the Portuguese escudo last weekend, the Irish punt has remained close to its floor, while the Danish krone and the French franc have languished in the bottom half of their bands. The Irish and Danish currencies have been weak, despite overnight interest rate differentials this week *vis-à-vis* the D-Mark of as much as 31 and 21 per cent respectively, and still higher this weekend. Such rates are not a long-term solution, for the simple reason that they cannot be sustained for very long.

With such pressure on the outer fringes of the remaining inner core, the parity of the French franc has come once more into question. Economic logic suggests that the D-Mark should no longer be the pivotal currency in the ERM. But the determination of the Bundesbank to sustain its historic primacy, ensures that it is.

Biggest nut

Those, like France, still in the ERM at their old parities are being penalised, first, for the markets' conviction that the D-Mark will remain the strongest currency; second, for the Bundesbank's determination to ensure that that remains the case; third, for the inability of the German leadership to finance German unification without huge levels of borrowing; and, finally, for the willingness of member countries like Italy, the UK or Spain to devalue.

The French franc is the biggest nut in the ERM nutcracker. This week's German figures and pronouncements underline the Bundesbank's determination to go on squeezing. German M3 (broad money) grew at a seasonally adjusted annual rate of 10.2 per cent in October, higher than the figures for September and August and hugely above the upper target of 5.5 per cent for the year. Underlying German inflation seems to be running at some 4 per cent. To make matters gloomier, Mr Hans Tietmeyer, widely expected to be the next Bundesbank president, argued that inflation could remain a serious threat to Germany for the rest of the decade.

What happens now depends almost as much on European politics as economics. Will Germany finally take the fiscal action that is required, not at the behest of Mr Norman Lamont, but in response to the urgent needs of the French? Mr Kohl's pronouncements suggest not. But is there any other way out for the ERM and, if not, what does his commitment to Franco-German co-operation amount to?

The EC badly needs a success of some kind. But it depends on the battered British government, in the last leg of its dismal presidency, to deliver one. Can Mr Major show the vision and achieve the compromises needed at the Edinburgh summit? Hope is possible; confidence is another matter.

Two years on, John Major has survived several storms but still lacks a cohesive programme, writes **Philip Stephens**

It hasn't been a piece of cake

It is not an anniversary he can relish. As Mr John Major this weekend contemplates two years in Downing Street the unspoken question among his colleagues is whether he can be confident of a third and fourth.

The answer is almost certainly yes. For all the errors, the self-inflicted wounds and the sheer bad luck of recent months, there has been no challenge to his leadership.

But the simple fact that the question must be asked – and the response must be qualified – underlines the failure of his government to deliver on its promises.

When he first crossed the threshold of Number 10 on November 28 1990, Mr Major promised to replace the final, frenzied, spasms of Thatcherism with policies to create a nation at ease with itself. Instead, two years of unremitting economic gloom have left the country depressed and demoralised. Caring Conservatism has a distinctly hollow ring.

There is time for the prime minister to make amends and for the government to demonstrate the competence and authority which have deserted it since the September 16 when sterling's departure from the European exchange rate mechanism tore the heart from its economic strategy.

If the Tory party and its leader keep their nerve, they have more than four years to fashion new policies from the wreckage and to erase the bad memories from the minds of the electorate. More than one minister has recalled in recent weeks that Harold Wilson survived the humiliating devaluation of 1967.

And, for the moment, the Palace of Westminster has been enveloped by an eerie calm. Save for this week's revelations about the less-than-healthy state of the chancellor's personal finances, the government has been spared embarassing headlines for nearly two weeks.

The barricades in Downing Street have been dismantled. Mr Major has appeared relaxed, if still fatigued, as he has returned to the ordinary business of government.

He played a pivotal role in securing last week's farm trade agreement between Brussels and Washington. He is now making a start on the intricate negotiations which will precede the Edinburgh EC summit in 10 days. He has performed well in the House of Commons in the past few weeks, comfortably outscoring Mr John Smith in his question-time duels with the Labour leader.

The government's supporters at Westminster – exhausted by the rows over Europe, the coal industry and the economy – have paused to lick their wounds. The economic recovery package which accompanied the Autumn Statement was well received. Tory MPs have turned their energies from faction-fighting on the backbenches to delivering the government's legislative programme.

A senior minister says the same calm has returned to the cabinet table. A colleague offers an engagingly frank assessment: "We are still in an enormous hole but we seem to have stopped digging."

Mr Major has made some bad mistakes; over the coal closures, in his handling of the arms to Iraq controversy as well as the ERM debacle. They may well deprive permanently his premiership of the youthful magic that came with victory against the odds in the April general election. He shares the weakness of many in the still relatively inexperienced team he has assembled in Downing Street: an unwillingness to admit those mistakes. It makes him appear brittle and defensive.

But he is a more resilient politician than his critics sometimes imagine. He is clear-thinking and patient. He is determined to survive. The odds are that he will.

The real question now perhaps is whether he can do more than that. Holding on to office is not the same as governing the country. The sticking plasters, U-turns and tactical swerves which have characterised policy since Black Wednesday are no substitute for a coherent strategy. Mr Major's government has to rediscover its energy and sense of purpose.

The pessimists at Westminster – and there are plenty within the Tory party after the misfortunes of the past two months – see little immediate hope. The recession continues to drain the government's authority. The Treasury's forecasts point to no early respite. The consequences threaten to deprive the Conservatives of their most powerful political weapon: the scope for cuts in income tax.

So it is not hard to sketch the gloomy scenario in which Mr Major remains a helpless prisoner of events as his government stumbles from one crisis to another.

Output continues to fall, unemployment to rise. The government is forced to confront again the issue of closures in the coal industry. Public borrowing surges ever higher. The Treasury demands Budget tax increases just as the bills for the council tax land on the nation's doormats. The nurses mobilise opinion against public sector pay restaint. Euro-sceptics in the Conservative party call an end to the truce in their civil war over Maastricht.

Perhaps. But the prime minister's friends argue with some justice that the pessimists ignore the undoubted successes of Mr Major's leadership – and his capacity to adjust.

The critics also may be making the mistake of projecting the present into an indefinite future. If there is a single lesson to be drawn from events of the past six months it is the speed with which the political mood can change.

Mr Major's defenders have a point. After his victory on April 9, there were few who suggested anything but that the prime minister was secure in office for at least five years and, quite possibly, for a decade.

The dark prism of recent months obscures the undoubted triumphs of his premiership. The conventional wisdom now is that Labour could never have won the election. It did not seem like that at the time. If Mr Major's soap-box oratory was derided by the chattering classes, the electorate decided otherwise.

He has restored cabinet government, decision-making by consensus rather than by diktat. Those who delighted in Mrs Thatcher's authoritarianism see it as sign of weakness. But amid the disasters of the past few months the restoration of collective responsibility has proved a useful shield.

The anxiety now about the introduction next April of the council tax has tended to obscure Mr Major's success in ridding the country of its destructive predecessor. The poll tax has slipped from the news only because he abolished it.

He knows, too, where he is going on Europe. His handling of the Maastricht treaty in the wake of the Danish referendum has been less than confident. At times he has appeared to pander to the irreconcilable Euro-sceptics on the Tory backbenches. Then he has veered into confrontations.

But the policy which underlines his commitment to the treaty – swapping the angry Atlanticism of his predecessor for a policy aimed at keeping Britain at the centre of the European debate – is judged by most at Westminster to be compellingly right.

His first foreign policy decision two years ago – to rebuild the bridges with Mr Helmut Kohl which had been burnt by Mrs Thatcher – has paid handsome dividends. It was Mr Kohl who gave Mr Major the support he needed to strike a deal at Maastricht. There are signs that the German leader may do the same again when the British presidency struggles to put the community back on course at next month's Edinburgh summit.

The prime minister has also begun to take a grip on the government's economic strategy. He cannot escape the blow to his political and personal authority delivered by the ERM debacle. Nor with the economy in its present state can he argue with much conviction that the permanent defeat of inflation – once the centrepiece of his manifesto – is anything more than a pipedream.

But after the initial shock of Black Wednesday the prime minister was the driving force behind the conversion to economic pragmatism reflected in the measures which accompanied the Autumn Statement. The abolition of restrictions on private financing of public sector projects, the investment incentives for industry and the tax concessions for motor manufacturers were pushed hard by Number 10 against a reluctant Treasury establishment.

The government's policy now is to contain rather than eradicate inflation; and to deliver economic growth. It is one which recognises the importance of manufacturing industy and exports. His aides insist that the concept of a partnership with industry, which the prime minister floated in his speech to the Lord Mayor's banquet earlier this month, will be a recurring theme.

A cabinet colleague admits happily that such policies mark another U-turn for a Conservative party which, in the 1980s, seemed to believe that manufacturing did not really matter: "But if it works who cares?"

The recent calm has allowed the government to focus again on other strands in its manifesto. The Citizen's Charter remains a target of derision but the critics may be underestimating its impact in transforming the public sector from a provider to a purchaser of services. The Education bill marks another step along the road to individual choice which Mr Major argues is at the heart of his approach. The Employment bill, currently before parliament, will mark the final nail in the coffin of trade union hegemony.

After the upheavals since Black Wednesday this is not enough. Without a distinctive centre-piece for his economic strategy, Mr Major must give greater coherence to his government's programme. He has not yet found the rhetoric to translate a series of piecemeal measures into a cohesive philosophy. His premiership still lacks definition.

In part it is a question of personal authority. Mr Major has been hardened by the ordeals of the past two months. But his enemies are not alone in complaining that Number 10 is neither decisive enough in its leadership nor robust enough in confronting critics.

One test of his leadership over the next few weeks will be whether Mr Major is ready to reshuffle his cabinet. The growing consensus among his ministers is that the new economic policy demands a new face at the Treasury. Moving Mr Norman Lamont would require a toughness that the prime minister has yet to demonstrate.

But more than anything else Mr Major needs economic recovery to restore his government's balance. The animosities and resentments in his party and the discontent and anxiety in the country at large will only be eased by a return to prosperity. Until then the best he can say is that he his bloodied, bowed but still standing.

WOMAN IN THE NEWS: ***The Queen***

Exception to the rule

Monarchy becomes Elizabeth Windsor. She does the job well. She has outgrown the natural disadvantages of one who never went to school, never learned to mix as an equal with others of her own age, and, initially at least, had little more than formal contact with persons outside the narrow penumbra that surrounds the royal family.

Five years into her reign, when she was still an apprentice, her speeches were described by the erstwhile Lord Altrincham (now John Grigg) as prim little sermons; her style of speaking, he wrote in 1957, was a "pain in the neck". The words that were being put into her mouth were appropriate to "a priggish schoolgirl, captain of the hockey team, a prefect, and a recent candidate for confirmation."

Mr Grigg's comments caused a furore at the time. An elderly crank hit him. An Italian monarchist challenged him to a duel. Today that long-forgotten text should serve the Queen well. The contrast between then and now is to her advantage. She *was* a nervous young woman. Her voice and manner *were* stilted. Her public demeanour was heavy with responsibility. But 35 years later she is a mature sovereign, a mother who has suffered as would any other from the sight of the marital difficulties afflicting her children, a matron with a long memory and a definite sense of humour.

Her 40 years' experience of public life prepared her for the moment when she was obliged to come clean, which she did in her celebrated "annus horribilis" speech on Tuesday. Yes, she intimated, she did hate it when her family was pilloried by the media. True, she hinted, it was indeed unpleasant to be attacked for not paying taxes, or for being so wealthy that she should have contributed to the cost of rebuilding the burned-out segment of Windsor Castle.

She was appealing for sympathy but her heartfelt remarks, delivered in the husky tones brought on by a cold, did not reduce the tabloids to quivering respect. Those years are gone. Do not blame the messengers: they largely reflect the sentiments of their readers. In 1952 the young Elizabeth inherited not only the throne but also the affection in which the nation had held her father. During the war, class distinctions were forgotten. By his sharing of their experiences King George VI had won the undiluted allegiance of the British people. Unexpectedly, he died aged 56. The then Princess Elizabeth was 26. Not yet ready for coronation, she became Queen-Empress; her reach stretched around the globe.

Today the Commonwealth means more to its titular head than it does to most of her subjects. In Britain the monarchy is fondly regarded as a mildly decaying domestic institution. As such, it is the subject of cartoons, TV lampoons, commonplace jesting, and, on occasion, the nastier manifestations of envy. How it is viewed by people in the former colonies, some of which have discarded it, is a matter of little concern back home. Among the generality of the Queen's British subjects deference is an outdated notion, although there is still a tendency to fawn when politicians, or businessfolk, or other distinguished persons are invited to the palace. Those who seek honour, or recognition, are positively enthralled by contact with any royal.

The Queen is accustomed to obsequiousness. It is, to her, a natural part of her life. Yet she shows every

sign of enjoying her job, which she takes seriously. She is proud of remembering many of the names, and recognising many of the faces, of those of her guests she greets personally. She likes being flattered, and bowed and curtsied to, and treated as the pivot of the constitution by a succession of prime ministers, some of whom have sought to out-Disraeli Disraeli, the Victorian prime minister who wooed his Queen. She has a strong sense of royal vocation. When there is a matter of state the TV cameras confirm that her dignity and composure are exemplary.

Her highest duty, as she sees it, is to preserve the monarchy. She had previously taken advice on how to maintain the affection of the people; this led to two intimate TV portraits of her family of which the later, a close-up of the Queen herself, was surely the more appealing.

She came across as a race-horse owner, a countrywoman, a professional monarch with a twinkle in her eye. But in mid-slump, and with tabloid scandals appearing every day, that was not good enough. There is no widespread demand for a republic, but the feeling that people want a less extravagant, less patronising, less privileged monarchy is palpable. The almost universal reaction to the Windsor Castle fire last weekend convinced both the government and the palace that slowly-gestating plans for the Queen to subject herself to taxation had to be brought forward immediately. She was ready to be so persuaded by Mr John Major.

The torrent of criticism should now abate, at least for a while. The history of the monarchy is one of survival by adapting to the pressures of the time. The events of this week – the Royal cry for help and the Royal decision on taxation – are fully consonant with that history. Yet the adaptations the Queen has been obliged to make since 1952 have all served to diminish the importance, if not the stature, of the institution she personifies. As the significance of the Commonwealth has shrunk, so has that of the Crown. As Britain has moved to middle-ranking status, so has its head of state. As the costs of maintaining a rumbustious extended family have risen, so the esteem in which the enterprise has been held has dwindled.

During the fifth decade of her reign there may be further changes. The European Community accommodates monarchies, but the complexities of membership put into question Britain's highly centralised, unwritten constitution. Celtic demands for self government may again become vocal. The Conservatives seem set to hold office indefinitely; single-party government, exercised in the name of the Crown, cannot be good for democracy. While Queen Elizabeth is on her throne she will continue to be the British constitution made flesh. Her successor may be a mere boy on a bicycle.

Living with a legacy

Minorities in Germany face renewed hostility, says Quentin Peel

Mr Ignatz Bubis, chief spokesman of the small Jewish community in Germany, does not believe that he needs any special security measures at his home or office in Frankfurt.

Yet he has closed-circuit television screens in his offices, and a heavy metal barrier guarding his front door. "I don't think it is necessary, but the police insist that I take precautions," he says.

Over the years, he has received a steady flow of anti-Semitic letters, being a prominent member of the community, of a political party (the liberal Free Democrats) and a prosperous businessman, but recently they have changed. "They always used to be anonymous," he says. "Now they often enclose their names and addresses." The suggestion is clearly that the racists have lost their fear.

In recent weeks Mr Bubis, 65, who was elected chairman of the Central Council of Jews in Germany in September, has been thrust into the limelight as a leading critic of government inaction over the wave of violent attacks on foreigners in the country. In the past week, since the murders of a Turkish woman and two girls in an arson attack in the northern town of Mölln, he has seldom been off the television screen.

At the same time, his has been a voice of calm and moderation, refusing to see the incidents as a portent of a return to Nazi rule.

The Jewish community in Germany numbers between 35,000 and 40,000 today, a tiny residue of the 600,000 who lived there before the Holocaust. It retains an importance far beyond its numbers, not merely as a reminder of the past, but also as a symbol of hope for Germany's ability to cope with any new manifestations of xenophobia.

The views of Mr Bubis and his fellow Jews, therefore, are critical in the exploding debate over immigration fears, the wave of asylum seekers from eastern Europe, violence against foreigners, and the whole question of German nationality and identity.

He is in no doubt that something has changed since unification. He is also adamant that it should not be exaggerated. "I stayed in Germany after the war [he was the only member of his immediate family to survive the concentration camps] because I had confidence in Germany," he says. "I still have confidence in Germany.

"I do not believe there is a big new threat to Jews here. What there is, is a new nationalism in Germany. And this nationalism goes together with a certain anti-Semitism, and hostility to foreigners."

Most people are not hostile to foreigners, he maintains, but a significant number does think of "Germany for the Germans. They say: 'We have been occupied for 50 years, divided for 50 years, and that is enough. Now we have our sovereignty back. We are a political power again, as well as an economic power.' The point is, it is socially acceptable to talk like that today."

Bubis: 'The new nationalism goes with a certain hostility to foreigners.' Three people died in this week's firebomb attack

Mr Daniel Cohn-Bendit occupies the opposite end of the political spectrum to Mr Bubis. The former student leader from the Paris uprising of May 1968, he is today a member of the Greens, and special counsellor to the mayor of Frankfurt on race relations. Frankfurt has by far the largest immigrant population in Germany – at some 26 per cent. The proportion of immigrant children in its primary schools is 40 per cent, rising to 60 or 70 per cent in some areas.

Mr Cohn-Bendit sees the racial problem far more as a social problem than a nationalist one. "German society is not nationalistic. There is a certain national pride. I don't think anti-Semitism is any stronger in Germany than it is in France or Britain – or Italy.

"This problem [of racial violence] is a result of the rump of society responding to a certain situation."

He sees it as simultaneously a problem of youth in revolt, and a problem of social deprivation in an ever more affluent society. It was already happening before unification.

"You cannot keep a society going on the basis of a bad conscience," he says. "This is the third generation since the war, and they won't understand. But Germany has a real problem. How can you make young people here understand their history, without giving them a bad conscience?

"There is a proportion of young people who are being deliberately provocative. And the greatest provocation of all is to say: 'I am a Nazi.'"

At the same time, he sees in the attacks against foreigners as a revolt of the least privileged levels of German society. "There is a German sub-proletariat competing directly with the immigrants," he says. "They see themselves doubly discriminated against: they are already the poorest, and then their schools have the highest numbers of immigrants."

He blames the politicians for their failure to face up to the problem of immigration and to find programmes to relieve the resulting social tension. The dilemma at the heart of Germany's current race problem is that there is no official immigration policy, but there is a liberal asylum law which is freely used by all would-be immigrants to enter the country. He believes that Frankfurt has had far fewer bad racial incidents precisely because it has an integration policy.

Mr Bubis blames the politicians too, for their failure to see the racial violence as a threat to civil society as a whole. "Perhaps most important is that they failed to see the problem as an attack on democracy," he says. This week's murders in Mölln have finally forced the authorities – in the shape of Mr Alexander von Stahl, the chief federal prosecutor – to recognise that such a presumed neo-Nazi attack was indeed a threat to national security.

Mr Bubis also accuses the judiciary of failing to impose harsher sentences. Until now, most skinheads have been accused of little more than trespass, instead of attempted murder and arson. The sentences have been too lenient.

"They have sought to minimise the problem. They have been too liberal. They did not want to dramatise it. But I believe it must be dramatised."

Bubis and Cohn-Bendit identify the problem differently, and would have different priorities in their solutions. Yet neither blames the easterners, as many west Germans do; and both agree the problem can be solved.

Mr Bubis says that firm action by both government and judiciary would bring the violence under control rapidly. "If they act now, I think it will be over quickly," he says.

Mr Cohn-Bendit believes that the murders in Mölln could mark "the end of the rise of the extreme right". But it does require a big rethink of policy towards foreigners.

"We will normalise immigration. We will have quotas. We will regulate it. We will regulate asylum without dramatising it, and without denouncing the asylum seekers.

"We have to de-dramatise the situation, without seeking to minimise it. Chancellor Kohl must say: 'We have made a mistake. We have failed to integrate these people into our civic society.' Then he must summon all the specialists dealing with foreigners, and draw up a policy to do just that."

The BBC's next leader talks to Raymond Snoddy

Birt plans the endgame

John Birt, the man who will lead the BBC towards the millennium, is talking again. For more than 18 months his smile and his politeness have been seen in public but little has been heard.

The uncharacteristic silence was partly a result of Birt's involvement in two enormous pieces of strategic planning: the first, to introduce a modified form of the market into a corporation once likened to the Indian Civil Service; the second, to work out the future role of the BBC in an age of growing commercial competition.

But the real reason for his silence was to avoid undermining Sir Michael Checkland, the out-going director-general, in the difficult 18-month hand-over period.

That period came to an end on Thursday in Studio 1 at the BBC Television Centre. There was a symbolic handing over of the baton. Sir Michael, who retires as director-general at Christmas, was there to endorse the BBC view of its hoped-for future. But it was Birt who enunciated the BBC's wish to remain a single, integrated broadcaster funded by a licence fee, but less bureaucratic, more responsive, and searching for distinctive and innovative programmes. The presentation came two days after the government published its green paper of options – not recommendations – for a new BBC Royal Charter.

Yesterday, John Birt was still in his rather spartan deputy director-general's office on the third floor of Broadcasting House, although he is in the final straight of the journey to the big office along the corridor.

Above all, he is talking publicly again.

From 9am, media correspondents from the national broadsheet newspapers were ushered in for a 45-minute audience – a timetable that was enforced. By 1.15pm and the last of the bunch, glasses of fizzy water already poured, Birt was still answering, or not answering, questions.

The green paper? "Plainly a lucid, comprehensive delineation of all the questions that could be raised about the BBC," he said, adding that he was completely unwilling to make any guesses about the outcome.

It was reasonable and open-minded, he said. And the green paper had also been right to include radical options such as a Public Service Broadcasting Council which could give licence money to other broadcasting groups as well as to the BBC.

However, if such a council had control of the money it would mean that a body other the BBC would determine its strategy and the corporation's coherence and accountability would be threatened.

"It would be a leap in the dark. Is it worth the risk? Is it plainly and manifestly a better way? I very much doubt it," said Birt, who came to the BBC from London Weekend Television in 1987 because he saw an important institution in need of modernisation.

Birt correctly anticipated that the government, any government, would be interested in greater BBC efficiency. But is he winning the internal argument for producer choice, the main mechanism that is supposed to deliver it? Under the concept of producer choice, producers will be able to buy services from outside the corporation, a change Birt believes is the most fundamental the BBC has faced.

"In the last couple of months opinion is starting to turn," he said. First, the resource departments providing film crews or editing facilities are finding out how enjoyable it is to control their areas. Programme departments, initially resistant, have been discovering how much things cost.

"They are very surprised at it," Birt said. Programme budgets must now include everything from the cost of accommodation to the cost of secretaries.

The BBC is aiming to be distinctive as well as efficient. But isn't there a danger in too much distinctiveness and the move away from programmes that are derivative, formulaic or imported cheaply? Don't licence fee-payers watch such programmes in their millions, and appear to like them, at least sometimes? "We're not talking about phasing things out," Birt said. "We're talking about steering a new direction and steering it over 10 years.

"We are not going to take away things that are manifestly loved and enjoyed by the audience. We are looking to the endgame." That means making sure at the end of the decade that people are not paying a licence fee for programmes that can be found elsewhere.

Birt: talking publicly again

The director-general-in-waiting said yesterday he "guaranteed" that the BBC would remain a pioneer in entertainment, producing hits out of unexpected material, such as Antiques Roadshow or Dad's Army, as it had in the past.

As a result, the BBC would retain its large audiences despite its viewers declining to a third of the total audience by the end of the decade.

The refocusing implies managerial change when Birt takes over? "I am absolutely not going to be drawn on that today," he replied.

However, now that he has started talking again, he has no intention of stopping. He said he accepted the challenge that, as director-general, he would have to carry the arguments for the new BBC strategies of efficiency, responsive and distinctiveness throughout the organisation – strategies that entail swingeing job cuts – and systematically to the country as a whole.

What would he like the shape of the BBC to be in 1997, the first year of the new charter?

"I would aspire within Britain to be seen as the best-managed institution in the public sector," he said. Then it was time for some more talking, this time to a team from Panorama which is taking a searching look at ... the future of the BBC, a programme Birt said he had encouraged.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Nothing to celebrate on ozone layer

From Mr Corin Millais.

Sir, Your editorial, "Saving the ozone layer" (November 25), casts undue optimism on the outcome of the Montreal Protocol. It is progress that CFCs are now to be phased out in 1996 rather than 2000. However, the failure of the meeting to introduce real controls on both HCFCs and methyl bromide throw away much of this progress. Governments have put back original UNEP proposals for HCFCs ban by 25 years, and back-tracked on any reductions at all on methyl bromide. The lack of action has stemmed from industrial interest of the French in particular, coupled with the absence of European Community leadership by the British government.

The director of UNEP stated that the outcome was "not enough" and fears for the future. You are correct to state that ozone depletion cannot be predicted; the only judge is that scientists have consistently underestimated the scale of the damage. The agreement is a green light for a further assault on the ozone layer, and the next two decades will see untold damage.

With all the serious consequences this brings, there is hardly a cause for celebration.

Corin Millais,
Greenpeace UK,
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London N1 2PN

Pension fund trustees have no business changing benefits

From Mr T S Shucksmith.

Sir, Mr Pritchard (Letters, November 26) is to be congratulated for his appreciation that it is a duty of pension scheme trustees "to ensure that the fund can meet its liabilities in the long term and on an unexpected near-term winding-up." This important duty to ensure proper funding of defined benefits seems to have evaded both the Occupational Pensions Board in its booklet "Pension Trust Principles" and the Goode Committee in its consultative document.

However, it is no business of pension scheme trustees "to elect to move away from defined benefit schemes and to adopt defined contribution plans". The trustees may have a duty to wind up a final salary scheme if they consider the employer is not able or willing to fund it to the standard the trustees consider necessary, but it is not their job to change the benefits. They are trustees of the trust deed, not arbiters of any aspect of the employer/employee relationship. If the trustees consider they must wind up a scheme, it is for the employer to decide what to put in its place.

It would be sensible to find an intermediate solution between fully defined final salary schemes and defined contribution money purchase schemes. This would spread the uncertainties and associated risks more realistically and fairly between employers and employees.

The government should facilitate such a development, whereas present policies will polarise schemes.

T S Shucksmith,
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Reigate,
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Social side of school

From Mr Alan Holme.

Sir, Your article, "Why schools may become obsolete" (November 23) ignores the vital part played by social education in our school system. First, children interact with their teachers, who may have experiences and opinions which differ from those of their parents. Second, they interact with other children.

Both of these experiences enrich the individual child, and play a great part in their development.

Alan Holme,
16 Hunger Hills Avenue,
Horsforth,
Leeds LS18 5JT

Ousted for the wrong reason

From Sir Terence Conran.

Sir, Gerald Ratner's institutional investors should have called for his resignation because he had misread the market and was selling products in his shops which did not meet his customers' aspirations for better quality and design rather than causing his resignation because he spoke the truth.

It would seem that honesty is not always the best policy when dealing with the City!

Terence Conran,
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London SE1 2YE

Tourism argument contains flaws

From Mr Chris Rowley.

Sir, Nicholas Lander's argument about tourism ("British tourism and the faulty towers of policy, November 24) was both useful and yet at the same time deeply flawed. It was beneficial in that it did highlight an important sector of the economy. Yet, it was also misleading:

● It argued that job creation in manufacturing "...depends on winning back export markets". This is only partial true – a big problem for many manufacturers is to keep or win back home markets, a springboard for then building up exports in many cases.

● It implies that the UK could survive as a nation as a huge theme park or industrial museum. But he says nothing about the type of jobs in tourism. This has several dimensions: they may be seasonal, part time and skewed in geographical, age and gender terms. Many workers losing their jobs may not possess the requisite skills, location or inclination for employment in tourism.

An interesting piece was spoiled as Lander reciprocates the faults he points out in others.

Chris Rowley,
lecturer,
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Right reward?

From Mr A G Biggart.

Sir, Re Carol Arrowsmith's letter (November 21) on regulation of share options, no doubt institutional shareholders' guidelines are having their effect in regulating senior executives' share options schemes. What the guidelines have not done is lead to the elimination of the "each-way rewards bet" when if a high-risk strategy to achieve the share options reward fails (often associated with acquisition) then the outgoing directors are rewarded for failure through three years plus service contracts.

A G Biggart,
The Admirals,
St Briavels,
Lydney, Glos GL15 6RH

Health and safety regulations go no further than sensible

From Sir John Cullen.

Sir, Bryan Cassidy (Letters, November 24) asserts that recent health and safety regulations have gone beyond EC directives. On November 25 you reported the GMB general union as taking HSE to task ("Safety body 'undermined' EC health directive") for watering down the requirements of the same directives. Neither has got it right.

The Health and Safety Commission's strategy includes proposing to ministers UK regulations to meet directives, but not to go beyond them without good cause. It is that approach already on the public record, and the internal discussions leading to it, which now stand "revealed" by the GMB.

The facts are important, because ministers have signed recently no fewer than six EC-inspired sets of regulations which will certainly, in the interests of safety and health, need to be implemented by employers who have many other worries at present. The European Framework Directive, which underlies all these new regulations was negotiated in a hurry and parts, frankly, were poorly drafted and needed interpretation.

Contrary to what Mr Cassidy says, the directive specifically requires that employers be "in possession of" a risk assessment. That requirement has been restricted in the regulations to a record of the significant risks, to be made by employers of more than five employees (*all* must assess the risks). The commonsense aim is to ensure that employers focus on the essentials. All employers of course are still subject to the existing UK laws about maintaining a safe workplace.

Mr Cassidy is, however, right in saying that the UK regulations go beyond the directive in protecting the self-employed. They obviously must, because UK law under the Health and Safety at Work Act has always covered this category, which accounts for half or more of those at work in some of the more dangerous industries; and self-employed contractors can pose risks not only to themselves but to other workers. Nor would it have made sense in terms of the Framework Directive itself to have omitted them, since the directive requires co-operation between all employers sharing a workplace.

Our legal advice is that the UK regulations implement the directives. They go no further than is sensible and necessary, and will represent a real and important addition to safety and health provision.

John Cullen,
chairman,
Health & Safety Commission,
1 Chepstow Place,
Westbourne Grove, London W2

Total design

From Mr Paul Ruskin.

Sir, Hugh Aldersey-Williams ("Identifying the shape of bins to come", November 26), treats "design" as being a process by which a pleasing appearance is added on to a product. To suggest that the Lotus Elan failed because it was too expensive to build, yet design was not to blame, is contradictory. The challenge for any company involved with new products is to combine aesthetic design into the overall development process. This includes being competitive on cost and meeting safety standards.

Paul Ruskin,
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Banks continue to give support to Eurotunnel

By Robert Peston, Banking Editor

EUROTUNNEL's 220 banks have agreed to give the Channel tunnel company continued access to its £6.8bn borrowing facilities until at least May 1994, unless there is a further deterioration in the financial performance of the company.

The agreement with the banks, which was announced yesterday, should allow Eurotunnel to complete work on the tunnel without having once again to enter into tortuous negotiations with its banks.

The banks are believed to be receiving around £30m in fees in return for continuing to provide the funds. They had originally asked for £50m, which prompted a furious response from Sir Alastair Morton, Eurotunnel's co-chairman.

The company has been in breach of its borrowing covenants and therefore needed the banks to grant it a waiver so that it could continue drawing on the borrowing facilities.

The breach was caused by increases in the costs of building the tunnel and reductions in forecasts of revenues the company is likely to generate in the next couple of years, due to postponement of the tunnel's opening date and delays in delivery of rolling stock.

The tunnel is currently due to open at the end of 1993, though opening could be delayed until the spring of 1994 if a long-running dispute with Transmanche-Link, the contractors working on the tunnel, is not resolved.

Once the tunnel is open Eurotunnel is likely to raise new equity from shareholders. The company said yesterday that in the coming year it would "discuss strategies [with its banks] for meeting funding requirements which may prove to be necessary after opening".

Eurotunnel believes it will have used up all the £6.8bn borrowing facilities by the autumn of 1994, though the banks fear that the company will need additional funds earlier than that, probably in the spring of 1994.

Nat Power moves into Portugal

By Michael Smith

A CONSORTIUM led by National Power, Britain's largest electricity generator, is to buy and operate a 600 MW coal-fired power station already under construction in Portugal.

National Power's investment of £60m in the project is the most significant yet in a *planned programme through* which it aims to invest £1bn overseas by the end of the century.

The opportunity to run the Pego power station, being built 75 miles north-east of Lisbon, arose because of the Portuguese government's decision to open up the electricity generation market to the private sector.

In the UK, liberalisation of power generation means that National Power expects its 41 per cent share of the UK electricity generation market to fall in the mid-1990s as independent gas-fired plants come on stream.

The company hopes eventually to derive about a quarter of its income from abroad. It already has joint venture projects in Pakistan and, more recently, Malaysia where it announced last month it was *investing $20m (£13m)* in two gas fired projects with a total capacity of 1,500 MW.

National Power's consortium beat off bids from the US, Germany, Belgium and the UK to win the Pego agreement signed in Lisbon yesterday with Electricidade de Portugal (EDP).

The consortium has incorporated a joint venture company, Tejo Energy, which will own the station. The £700m project will be financed by the consortium, providing about £140m in equity, of which NP will control 40 per cent.

Other participants are Endesa, the Spanish utility which is thought to have about 25 per cent of the shares, and Electricite de France and EDP, with 10 per cent each.

Portuguese investors will also have an opportunity to buy shares.

The station's first generating unit is due to be commissioned in April next year. Tejo will be licensed to operate the station for 28 years, supplying electricity to EDP, and coal supplies will be bought on the international market.

Mr Graham Hadley, National Power executive director, said demand for electricity in Portugal was growing strongly. The deal provided an opportunity to construct a further two generating units on the site.

Drayton Consld holders agree to wind up trust

By Philip Coggan, Personal Finance Editor

SHAREHOLDERS in Drayton Consolidated Trust, which specialises in unquoted holdings, yesterday agreed to appoint liquidators and to wind up the trust.

After the final valuation of the assets, the amount available for distribution to shareholders will be £31.9m, or 93.3p per share. First payment will be made on December 31.

A new trust, Second Consolidated, is being established to manage the unquoted holdings. Foreign & Colonial Ventures will take over primary responsibility for the management of the trust, with the previous manager, Invesco MIM, continuing as joint manager.

The aim of the trust will be to realise the assets. However, Mr Rod Richards, a director of Foreign & Colonial Ventures, said that Second Consolidated would not be a forced seller. "Some investments will be realisable reasonably quickly, others however will not achieve satisfactory prices until the economy moves out of recession," he said.

Surrey falls near £1m into loss and makes disposals

THE SURREY Group, the bookmakers, reported a £946,000 pre-tax loss for the half year to September 30 compared with profits last time of £117,000.

At the same time the group announced the disposal of 26 betting shops in Scotland to Stanley Racing, a subsidiary of Stanley Leisure Organisation, for a maximum £2.99m in cash.

Mr R Green, the chairman, said the proceeds would be mainly used to reduce borrowings. Interest payable for the six months totalled £368,000 (£272,000).

As a result of the disposals, which follow the sale of the majority of the group's betting shops in East Anglia, Surrey has been able to renegotiate its bank facilities with its principal banker, Allied Irish Banks. The directors consider the new working capital to be sufficient for the group's current requirements.

Mr Green said that in the half year margins had been lower than for some years. Since the period-end there had been some improvement but it was too early to tell whether that was likely to continue.

Turnover improved to £27.9m (£26.1m) but cost of sales increased to £25.2m (£23m) and there were higher administrative costs of £3.26m (£2.73m).

Losses per share amounted to 0.49p (0.09p earnings).

An extraordinary meeting to consider the disposal proposals will take place on December 16.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	103	100	BTR Warrants 1997	103	+1½	-	-	-	-
100	F.P.	-	100	97	Beta Global Emrg Mkts C	97		-	-	-	-
§220	F.P.	-	240	231	Critchley Group	239	+2	L6.1	2.2	3.4	17.0
165	F.P.	-	245	193	Dorling Kindersley	245		L3.0	2.6	1.6	23.4
-	F.P.	-	103	100	For & Col PEP Inv Tst	102		F3.38	-	4.4	-
-	F.P.	-	33	30	Jos Hldgs Cap	30		-	-	-	-
-	F.P.	-	92	90	Do Inc.	91		F11.5	-	17.4	-
-	F.P.	-	109½	101	Do Zero Div. Pf	108½	-½	-	-	-	-
130	F.P.	-	158	140	Linx Printing Techs	148		L2.6	2.8	2.3	17.6
120	F.P.	-	208	157	¶Tepnel Diagnostics	195					
160	F.P.	-	173	165	Wetherspoon (J D.)	170		W4.8	2.6	3.8	13.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	112¼p	104¼p	Bristol Water 8¾pc Pf	111½p	
100p	F.P.	-	102¼p	100¼p	Commercial Union 8¾pc Cm. Pf.	100¼p	-½
100	F.P.	-	111¼	104¼	NFC 7¼pc Cv Bd. 2007	111¼	+¼
§	P.P.	-	149p	133½p	Tomkins Non-Int. Brg Cr ULS	149p	
150p	Nil	-	26pm	23pm	Walsall Non-Int. Brg. Cr ULS	26pm	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
4½	Nil	8/12	1¼pm	½pm	Prime People	¾pm	-¼
25	P.P.	1/3	20	10	Property Trust	19	
10	Nil	6/1	4pm	2½pm	Rodime	2½pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. z Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Issued by way of rights. ¶ Introduction. ¼ Placing price. ‖ Reintroduction. ¢ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Nov. 23
- Last Dealings Dec. 4
- Last Declarations Feb. 25
- For settlement March 8

3-month call rate indications are shown on page 11.

Calls in Arcon Res., ASDA, Birse, Cannon Street Invs., Ferranti Intl. and Whitegate Leis. Puts in Amber Day and Ratners. Double in Amber Day.

New Zealand buy for Lloyds Bank offshoot

By Terry Hall in Wellington

National Bank, the New Zealand subsidiary of Lloyds Bank, has bought the Rural Bank from Fletcher Challenge for NZ$450m (£153.5m).

The sale is part of Fletcher's moves to address its indebtedness and was signalled at the annual meeting last month. According to Mr Hugh Fletcher, chief executive, it meant it was "well on track" to meet its target of lowering gearing to less than 50 per cent by December next year.

The deal is also seen as important for National Bank, the country's fourth biggest, as it increases its assets by *adding over NZ$2bn in extra* loans, representing 30 per cent of all New Zealand's on farm debt.

Fletcher bought Rural Bank from the government in 1989 for NZ$550m, and it has been a highly profitable investment. Under a profits claw back provision, Fletcher had to pay the government a further NZ$137.5m earlier this year.

Mr Fletcher said the sale represented a good price which was fair to both parties, and was higher than the net value of the Rural Bank "under our present ownership."

Green light for Allied-Carlsberg UK merger

By Philip Rawstorne

ALLIED-LYONS and Carlsberg were yesterday given government clearance for the £510m merger of their UK brewing and wholesaling operations.

Mr Michael Heseltine, trade and industry secretary, gave the go-ahead after the companies reached agreement with the Office of Fair Trading on measures to remedy any adverse effects on competition from the joint venture.

Carlsberg-Tetley, the merged business, will include Carlsberg's one UK brewery and Allied's five beer plants. It will have sales of more than £1bn a year and an 18 per cent share of the beer market.

The move will create a third force in the industry, rivalling Bass with 22 per cent of the market, and Courage, with a 20 per cent share.

It will also reduce Allied's £1.9bn borrowings by £135m though that may be offset to some extent by initial rationalisation costs.

In a joint statement yesterday, Mr Roy Moss, chairman of Allied's brewing division, and Mr Michael Iuul, managing director of Carlsberg International, said: "We are obviously delighted that we have now received final approval for this merger and look forward with confidence to implementing our plans."

Thirteen months after the deal was first announced, the companies are now completing legal work on the venture which is expected to come into operation early in the new year.

A Monopolies and Mergers Commission inquiry earlier this year expressed concern about the effects of the merger on competition in the UK lager market.

The combination of Allied's Castlemaine and Skol lagers with the Carlsberg brands would adversely affect regional and local brewers and independent wholesalers, the MMC said.

Allied and Carlsberg have now agreed to the MMC's recommendations that the merged company should not worsen the terms of supply to Carlsberg's existing customers, and that the supply agreement with Allied's pubs should be reduced from seven years to five years.

However, they have succeeded in renegotiating a third condition laid down for the merger – that after two years Allied should free tenants of 1,785 of its pubs to buy half their lager from suppliers of their own choice.

In negotiations with the *OFT, Allied argued that such a* move, which could have cost an estimated £7m profits, would be impractical and impossible to monitor.

It has now been agreed, instead, that Allied will free 400 of its pubs completely from exclusive beer supplies. The first 100 will be freed over the next two years, and another 300 over the following two years.

The compromise is expected to prove far less costly to Allied than the original condition.

See Lex

Old Lady who took a long time to act

Robert Peston looks at the downfall of David Backhouse

IF ANYTHING remains of the City of London's clubbiness, Mr David Backhouse was until last week a comfortable member of the club.

For generations there have been Backhouses in the City and he made a modest name for himself as managing director in the seventies and early eighties of Dunbar Group, the financial services concern now owned by Allied Dunbar. He also has close links to Cazenove, the leading stockbroking firm.

Mr Backhouse was shattered therefore last week when the Old Lady of Threadneedle Street, the Bank of England, blackballed him.

The Bank put pressure on Mr Backhouse to resign the chairmanship of Henderson Administration, an old established fund management group. Two weeks before, he had stepped down from the board of TSB, the banking group.

Mr Backhouse and the Bank are constrained from discussing his departure by the secrecy provisions of the Banking Act. But Mr Backhouse's colleagues say that the Bank became concerned about his stewardship in the mid 1980s of Authority Bank, a small bank.

At the end of 1990 Authority, which operated from one branch in London's Sloane Street, went into administration under UK insolvency procedures. Mr Backhouse had resigned from the group several months earlier, but from August 1986 he had been chairman of Authority Bank's parent company, Authority Investments, which is also in administration.

At the time Authority Bank went into administration it had assets of around £48m. These included just over £20m in deposits with commercial banks and the Bank of England together with loans to customers of £28m, according to Mr David Bowen, one of the administrators from the accountancy firm Pannell Kerr Forster. The bulk of its loans had been made to small property companies and individual property developers.

Mr Bowen said the loan book was "not particularly bad" but it was concentrated on just one sector. When the property market went into recession Authority Bank's customers had difficulty meeting their interest payments.

Authority Bank had a particularly large exposure to one customer, a property and leasing company called Maingreen. A statement sent to Authority's creditors shows the loan to Maingreen at £6.57m, which is an unusually large loan to a single customer for a bank of Authority's size.

However, that figure is

David Backhouse: shattered when blackballed last week

Authority's net exposure to Maingreen after deducting provisions the bank had made against losses on the loan. The gross exposure was far bigger.

On April 25 1991, Maingreen went into voluntary liquidation. Its estimated statement of affairs lists Authority Bank as being owed £74.4m under a guarantee. The statement also says that Authority is unlikely to receive a penny of this.

The Bank of England had been keen in the 1980s for Authority to reduce its exposure to Maingreen. But the original exposure was acquired long before Mr Backhouse arrived at Authority. It dated from before the property slump of the early 1970s.

Mr Backhouse is probably acutely aware of the paradox that he has been haunted by a loan to a property company which went bad in the early 1970s, which was when he was making his reputation by sailing comfortably through that recession at Dunbar.

None of his friends say that he is proud of Authority Bank's poor performance. The bank's depositors, many of whom are foreign, have so far received 67.75p for each pound of their deposits and are unlikely to receive more than 75p in total when the administration process is complete.

However, Mr Backhouse's former colleagues at Authority say that the Bank was fully aware of Authority's loan book both before and after it went into administration. As one of them said yesterday: "It was all so long ago. I can't think why the Bank of England took so long to act".

Disposals aid Brown Shipley

By Peter Pearse

BROWN SHIPLEY, the merchant banking group, yesterday announced an interim pre-tax profit of £8.55m after disposals aimed at streamlining its stockbroking and investment management business. In the corresponding period the group had reported pre-tax losses of £13.8m.

However, at the operating level the group incurred losses of £839,000 (profits £458,000). Last time continuing operations made losses of £2.3m and discontinued activities profits of £2.76m.

The pre-tax turnround was achieved after an exceptional credit of £9.73m, derived from the £24.8m profit from the sale of Holmwoods, its insurance broking operation, less the £11.2m loss on the sale of the banking arm, a £2m write-off of fixed assets, £1.2m provisions against surplus office space, and £616,000 provisions for reorganisation. The exceptional debit last time of £11.5m was for bad debt provisions.

Brown Shipley has also sold Leasing Management Services, its leasing business, for £5.9m. Mr Bill Dacombe, chairman, warned that further restructuring would involve write-offs and bad debt provisions of £3.8m.

These moves would allow the group "to develop a successful, integrated house providing investment advice and management to private and institutional clients". At September 30 funds under management totalled £2.4bn, with £600m managed on a fully discretionary basis.

Turnover was £8.82m (£19.1m), earnings 40p (losses 87p) and again there is no dividend.

Adam's ownership may change

By James Buxton, Scottish Correspondent

FUTURE ownership of Adam & Co, the Edinburgh-based private banking group, is uncertain in the wake of the near disaster in which its banking subsidiary lost more than twice its capital in unauthorised foreign exchange dealing.

Mr James Laurenson, managing director, said the bank, which caters for rich individuals, had received many expres*sions of interest from potential* purchasers. It has appointed Lazard Brothers to advise on possible changes to the shareholding structure.

In September Adam & Co revealed that it had lost £21m in irregular operations by two foreign exchange dealers in its London office. Although the £10m capital was wiped out, it was immediately rescued by Mrs Francoise Schlumberger Primat, a 75-year-old director and principal shareholder who injected £21m into it.

Including £6.5m of the dealing loss, the bank incurred a pre-tax deficit of £5m in the year to June 30 1992, compared with a profit of £900,000.

Adam & Co has now accepted recommendations made by Price Waterhouse on improving its internal controls. It is closing the London foreign exchange dealing room.

It is changing its auditors from KPMG Peat Marwick to Ernst & Young, and is to strengthen its board by seeking a qualified banker with detailed knowledge of treasury *operations. It has already made* Mr Robert Cumming, a retired clearing banker, a director.

Mr Iain Dalziel, the director who was in charge of the London branch until June 30, is to leave the board because his new job, "a management role on behalf of one of Adam & Co's principal clients" in Geneva, does not leave him time to remain a director.

Sir Charles Fraser, chairman, says in his annual report that the bank had seen a "substantial reduction in its deposit base" after the loss was revealed but had never lacked liquidity to meet depositors' demands. However, the banking facilities made available by Royal Bank of Scotland had "greatly helped the confidence of depositors."

He said the deposit base had now stabilised and some depositors had returned. The group had won new custody business and portfolio investment clients.

Mr Laurenson said that expressions of interest in the bank had come from "more *than one clearing bank*," from foreign banks and small financial services companies. Those interested included Royal Bank of Scotland, he hinted.

"We are receiving conflicting signals from our shareholders," he said. Some, including fund managers, wanted a sale, while others would like to see Adam & Co raise new capital and preserve its independence.

The bank believed it could preserve its distinctiveness even under the majority control of a major shareholder. "The future is bright," Mr Laurenson said.

Medeva jumps to £26m

MEDEVA showed considerable expansion in 1992, with pre-tax profits rising from £7.82m to £26m over the opening nine months. Turnover almost doubled to £104.9m against £54.7m.

Mr Bernard Taylor, chairman, said the improvement in margins was noteworthy as the group concentrated on higher value-added products.

The nine-months figures have been issued in conjunction with the acquisition of Armstrong, a US specialised drug delivery manufacturer concentrating in the respiratory field, and on the reorganisation of Evans-Kerfoot.

The results consolidate the effects of the purchase in July of International Medication Systems, a US maker of injectable products, and reflect the sale of some £11.4m stock of generic products bought by Norton Healthcare, reorganisation of Evans-Kerfoot and the disposal of the Horsham facility to Norton for £12m cash.

Over the nine months there was net cash outflow from investing activities of £87m, *leaving net borrowings of* £43.8m at September 30. The £12m Horsham cash was received on November 3.

See Lex

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 28.11.92: Pool purchase price £/MWh	Final Prices for Trading on 31.10.92: Pool purchase price £/MWh	Final Prices for Trading on 31.10.92: Pool selling price £/MWh
0030	18.02	20.32	20.32
0100	29.15	25.14	27.64
0130	30.25	27.99	30.47
0200	30.25	27.99	30.43
0230	23.92	21.52	23.70
0300	23.92	21.52	23.71
0330	23.82	20.30	20.30
0400	20.90	20.32	20.32
0430	17.72	17.72	17.72
0500	17.72	17.71	17.71
0530	17.71	17.72	17.72
0600	17.71	17.72	17.72
0630	17.71	17.72	17.72
0700	17.72	18.40	18.40
0730	17.72	18.70	18.70
0800	18.02	20.35	20.35
0830	23.26	22.34	24.63
0900	23.36	22.84	24.88
0930	23.95	23.99	26.32
1000	23.95	28.91	29.35
1030	23.95	28.91	29.35
1100	23.95	23.99	26.32
1130	23.85	22.85	25.14
1200	23.85	26.75	29.18
1230	23.85	29.36	31.08
1300	23.85	26.75	29.21
1330	23.85	22.85	26.17
1400	20.80	20.30	20.30
1430	18.08	18.20	18.20
1500	18.02	17.72	17.72
1530	18.02	17.72	17.72
1600	18.40	18.70	18.70
1630	26.21	20.00	20.00
1700	30.25	27.42	29.83
1730	30.25	28.01	30.38
1800	30.25	28.01	30.38
1830	30.25	27.42	29.74
1900	26.21	26.36	27.61
1930	25.64	24.95	27.21
2000	24.18	23.67	25.91
2030	23.85	22.34	24.55
2100	23.85	22.17	24.38
2130	20.03	21.44	23.63
2200	18.08	20.19	22.34
2230	17.72	18.40	18.40
2300	17.72	18.00	18.00
2330	17.69	17.70	17.70
2400	17.69	17.70	17.70

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.

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NEWS DIGEST

Perpetual improves to £4.79m

PERPETUAL, the unit trust and portfolio management organisation, saw its pre-tax profit expand from £2.94m to £4.79m in the year ended September 30 1992.

Earnings per share grew from 7.95p to 12.49p and the final dividend is 3.6p to lift the total from 3.2p to 4.8p.

The investment performance, in comparative terms, was excellent in the long, medium and short term, said Mr Martyn Arbib, chairman.

Over the year funds under management had risen from £693m to £846m, and had now further grown to £1bn following sterling devaluation, stock market improvements, and an influx of new money for investment.

The long-term strategy to effect an entry into the pension fund industry continued although there were no significant developments to report. However, there was an encouraging level of interest in the group's unit trusts by institutions and sales volumes had increased substantially.

Hilclare incurs loss and makes cash call

Hilclare, the USM-quoted company with interests in lighting and security products, is calling for £240,000 net via an underwritten rights issue.

At the same time the company reported a loss of £70,000 pre-tax for the six months to September 30 compared with previous profits of £52,000. Turnover slipped to £1.31m (£1.4m).

Losses per share emerged at 1.7p (earnings 1.4p). There is again no interim dividend. However, the directors anticipate a "satisfactory" outcome for the year and intend to declare a same-again full year payment of not less than 0.5p on the enlarged capital.

The 2-for-7 rights issue at 35p per share is being underwritten by Wise Speke. The directors believe the proceeds of the issue will further assist plans to restore profitability *to a more satisfactory level.*

Higher losses at Hay & Robertson

Hay & Robertson, the textile merchant, quadrupled its turnover in the year ended May 31 1992, but saw its pre-tax loss increase from £4,200 to £28,000. Turnover was £410,000 (£104,000).

Dares Estates cuts deficit to £2.87m

Dares Estates, the property investment and development group, cut its pre-tax losses from £16.3m to £2.87m for the half year to June 30.

Mr Ervin Landau, the chairman, said the results had been delayed because the directors had expected to be able to announce an agreement with its bankers regarding a financial restructuring. Unfortunately, he said, that had not proved possible although he expected an agreement in principle very shortly.

Turnover fell from £11.6m to £2.9m with rental income at £2.81m (£4.34m). The pre-tax result was after interest charges of £5.09m (£7.87m) and an exceptional credit of £757,000 (£8.61m debit).

Losses per share were reduced from 8.75p to 1.54p.

Automagic in black after £880,000 loss

Automagic Holdings, the USM-quoted operator of shoe *repairing and key cutting sites,* finished with a pre-tax loss of £880,000 for the year ended June 27 1992, but is now trading profitability.

Sales were well above budget and recent trading had been more favourable. Cost reductions will save about £500,000 in a full year, certain branches had and were being closed, and the dry cleaning and laundry business ceased to trade in September.

The loss, up from £436,000 at halfway, included £31,000 exceptional charges; it compared with £96,000 in the previous 61 weeks which took account of £216,000 exceptionals.

Turnover was £11.8m (£14.5m) and generated an operating loss of £572,000 (profit £475,000). Losses per share were 13p (3.8p).

Extraordinary provisions of £402,000 have been made against the closure of the dry cleaning and laundry business.

Greyfriars net assets fall 62%

Net asset value per ordinary share of the Greyfriars Investment Company fell by 62.6 per cent to 23.28p over the year ended September 30.

After-tax revenue slipped to £412,712 (£477,463), equal to earnings of 5.9p (6.82p) per share. A final dividend of 4p makes a same-again 6p total.

The directors said that in order to continue to pay "the high level of dividend" Greyfriars had, of necessity, a port*folio yield of some 10 per cent.* They believed this was "unsustainably high" and therefore have decided to reduce the yield.

That, coupled with their decision to repay part of the low coupon loan note, means the outlook "is for reduced dividends in the short term".

Brockhampton surges 55%

Mainly as result of keeping operating costs in check Brockhampton Holdings, parent of Portsmouth Water, saw its pre-tax profit surge 55 per cent to £1.87m in the six months ended September 30 1992.

Furthermore, the directors forecast maintenance of the current levels of performance in the second half.

Turnover rose 8 per cent to £11.7m despite a further decline industrial consumption.

Earnings per share doubled to 15.6p (7.9p). The interim dividend is raised to 2.2p (1.65p).

Fleming Far Eastern asset value down

Fleming Far Eastern Investment Trust had a net asset value per share of 219.5p at September 30 against 229.8p a year earlier.

Gross revenue for the six months fell to £5.17m (£5.52m) with net revenue at £1.54m (£1.71m) for earnings of 0.98p (1.09p) per share.

All-round growth for Scottish Inv

Net asset value per share of the Scottish Investment Trust rose to 217.3p for the year ended October 31 1992, a 5.4 per cent improvement over the 206.2p of a year earlier.

With 55 per cent of assets overseas the trust was a significant beneficiary of the devaluation of sterling.

The directors were cautious of equity markets over the next few months but said any downturn was unlikely to be sufficiently large to warrant reducing total equity holdings.

Gross income in the year totalled £25.4m (£24.5m). Net revenue available worked through at £12.3m (£11.5m) for earnings per share of 4.82p (4.52p). The final dividend is 3.02p to make 4.62p (4.4p).

ECONOMIC DIARY

TODAY: Presidents of Venezuela, Columbia and Mexico meet in Caracas. Economic cooperation organisation foreign ministers from Iran, Pakistan and Turkey meet in Islamabad.

MONDAY: Monetary statistics (including bank and building society balance sheets (October). Bill turnover statistics (October). Sterling commercial paper (October). Money market statistics (October). London sterling certificates of deposit (October). US merchandise trade, BOP (third quarter). European Community energy council meets in Brussels. Western European Union parliamentary assembly in Paris.

TUESDAY: US leading indicators, October, NAPM (November), construction spending (October). Congress of People's Deputies, Russia's supreme legislature, meets in Moscow (until December 9). Rio Group of 14 annual meeting in Buenos Aires. Islamic foreign ministers meet over Bosnia in Jeddah. Mr John Major, prime minister, meets Mr Anibal Cavaco Silva, prime minister of Portugal, to discuss Edinburgh EC summit. Town halls publish council tax banding details. Mr Kevin and Ian Maxwell appear at City of London magistrates court accused of conspiracy to defraud and theft. Start of two-day Financial Times conference on "World Telecommunications" in London.

WEDNESDAY: Overseas travel and tourism (September). UK official reserves (November). Advance energy statistics (October).

THURSDAY: Details of employment, unemployment, earnings prices and other indicators. New earnings survey 1992 Part F: Distribution of hours; analyses of earnings and hours for part-time women employees. Franco-German summit in Bonn.

FRIDAY: Cyclical indicators for the UK economy (October-second estimate). Housing starts and completions (October).

FT-SE Actuaries Share Indices — THE UK SERIES

FT-Actuaries All-Share

EQUITY GROUPS & SUB-SECTIONS — Friday November 27 1992

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Nov 26 Index No.	Wed Nov 25 Index No.	Tue Nov 24 Index No.	Year ago (approx) Index No.	1992 High	1992 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (174)	781.76	+0.7	7.23	5.48	18.03	29.69	776.35	772.97	774.06	745.80	929.04 20/5	664.23 9/9	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (23)	758.00	+0.3	6.83	7.13	20.84	35.83	755.61	769.11	782.70	887.81	1121.52 11/5	617.65 9/9	1361.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (26)	643.43	-0.4	4.30	7.70	62.96	37.38	645.83	648.56	654.46	953.43	1069.64 11/5	485.72 9/9	1951.50 16/7/87	71.48 2/12/74
4	Electricals (9)	2171.27	+0.4	7.74	6.93	16.90	108.10	2162.33	2180.67	2186.20	2360.03	2758.50 22/5	1874.89 20/10	3040.80 8/9/89	84.71 25/6/62
5	Electronics (27)	2205.68	.....	6.92	3.88	18.36	50.14	2206.81	2191.04	2174.25	1637.59	2206.81 26/11	1655.93 13/1	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (6)	252.06	+1.7	14.04	9.31	9.06	15.92	247.80	246.10	243.47	344.25	406.10 20/5	243.47 24/11	502.42 13/6/90	243.47 24/11/92
7	Engineering-General (43)	453.72	-0.2	8.78	5.17	14.54	16.58	454.46	452.34	451.07	453.37	567.62 20/5	409.31 9/9	567.62 20/5/92	339.57 23/1/91
8	Metals and Metal Forming (7)	292.72	+2.7	5.84	4.39	24.94	8.52	285.08	274.88	274.25	312.59	379.31 18/5	255.51 8/9	396.67 9/10/87	49.65 6/1/75
9	Motors (15)	325.75	+1.3	6.24	7.22	23.36	17.59	321.44	323.01	324.31	290.67	403.06 21/5	274.42 1/9	411.42 13/10/87	19.91 6/1/75
10	Other Industrials (18)	1817.41	+1.3	6.88	4.62	17.57	61.23	1794.31	1771.21	1771.86	1510.14	1906.65 11/5	1480.17 9/9	1906.65 11/5/92	277.55 15/1/81
21	CONSUMER GROUP (192)	1704.02	+0.8	6.82	3.42	18.20	40.00	1690.08	1671.29	1680.06	1523.04	1761.38 11/5	1446.17 25/8	1761.38 11/5/92	61.41 13/12/74
22	Brewers and Distillers (25)	2032.51	+0.5	8.17	3.64	14.77	41.53	2021.52	2007.67	2016.36	1860.36	2278.85 11/5	1812.14 5/10	2278.85 11/5/92	69.47 13/12/74
25	Food Manufacturing (19)	1269.99	+0.9	8.23	4.21	15.18	36.85	1258.85	1246.02	1244.39	1183.51	1327.80 11/5	1064.95 10/9	1327.80 11/5/92	59.67 11/12/74
26	Food Retailing (18)	3088.00	+1.5	8.34	3.04	15.59	62.29	3041.46	2964.57	2961.15	2400.89	3088.00 27/11	2293.80 10/1	3088.00 27/11/92	54.25 11/12/74
27	Health and Household (26)	4385.02	+0.4	5.09	2.58	22.86	87.51	4368.51	4328.60	4382.30	3911.45	4654.94 14/1	3648.63 26/8	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (18)	1196.48	+1.6	6.62	5.72	19.92	46.03	1178.06	1147.92	1157.50	1262.41	1450.36 13/5	898.80 16/9	1845.77 [illegible]	54.83 9/1/75
30	Media (27)	1694.65	+1.8	5.91	3.12	21.12	38.19	1665.43	1658.00	1664.06	1435.11	1721.09 11/5	1376.55 25/8	1721.09 11/5/92	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	735.38	+0.3	7.10	4.43	17.46	24.01	732.82	729.89	732.80	739.91	875.53 13/5	633.17 16/9	875.53 13/5/92	43.46 6/1/75
34	Stores (33)	1103.94	+0.8	6.60	3.28	20.05	26.40	1095.72	1084.10	1086.79	962.31	1135.66 27/4	907.08 25/8	1160.58 29/7/87	52.63 6/1/75
35	Textiles (9)	691.19	+0.2	6.85	4.44	18.40	21.09	689.60	689.91	698.21	601.25	756.70 8/5	551.94 25/8	814.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (116)	1397.97	+0.3	8.75	4.90	14.25	41.46	1394.09	1380.37	1387.26	1193.22	1397.97 27/11	1140.56 3/4	1397.97 27/11/92	58.63 6/1/75
41	Business Services (18)	1425.41	+1.1	6.22	3.57	19.71	30.78	1409.77	1397.69	1408.51	1369.77	1511.16 11/5	1160.34 1/9	1511.16 11/5/92	892.28 1/2/91
42	Chemicals (22)	1339.78	+0.1	6.83	5.47	18.53	48.71	1338.52	1331.99	1342.39	1386.06	1629.99 8/5	1243.05 1/9	1629.99 8/5/92	71.20 1/12/74
43	Conglomerates (10)	1388.65	+1.7	8.31	7.93	15.41	40.93	1365.58	1358.74	1353.71	1374.35	1509.94 11/5	1087.92 2/9	1819.46 11/8/89	975.19 10/11/87
44	Transport (13)	2631.50	+0.4	8.64	4.52	13.87	83.03	2620.57	2586.60	2573.94	2240.98	2790.11 20/5	2133.26 26/8	2790.11 20/5/92	90.80 29/6/62
45	Electricity (16)	1512.41	+0.2	13.04	4.89	9.30	55.01	1509.20	1516.63	1548.95	1152.41	1569.04 19/11	1044.63 7/4	1569.04 19/11/92	994.96 7/1/91
46	Telephone Networks (4)	1676.26	+0.4	7.88	4.08	16.49	46.15	1670.09	1639.55	1640.01	1433.42	1676.26 27/11	1274.20 3/4	1676.26 27/11/92	517.92 30/11/84
47	Water (11)	3192.11	-2.0	14.17	5.49	7.81	94.82	3256.29	3228.76	3277.96	2222.08	3357.97 11/11	2140.95 8/4	3357.97 11/11/92	1820.20 1/5/90
48	Miscellaneous (22)	2397.74	.....	5.92	4.23	20.86	56.19	2396.40	2360.74	2365.80	1749.80	2397.74 27/11	1770.94 3/1	2397.74 27/11/92	60.39 6/7/75
49	INDUSTRIAL GROUP (482)	1374.72	+0.6	7.53	4.25	16.63	38.41	1366.24	1353.15	1359.28	1223.48	1427.97 11/5	1168.49 1/9	1427.97 11/5/92	59.01 13/12/74
51	Oil & Gas (18)	2160.97	+0.1	6.18	6.00	21.28	102.73	2158.79	2141.85	2159.32	2224.23	2226.66 3/1	1756.72 7/8	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1448.52	+0.6	7.39	4.43	17.01	43.43	1440.36	1426.83	1433.83	1310.63	1493.99 11/5	1228.86 26/8	1493.99 11/5/92	63.49 13/12/74
61	FINANCIAL GROUP (82)	855.71	+0.8	–	5.13	–	31.47	849.12	840.62	848.77	719.50	855.71 27/11	631.13 25/8	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	1178.93	+1.1	5.22	4.73	28.73	40.52	1165.58	1156.75	1174.27	836.08	1205.51 10/11	790.95 3/4	1205.51 10/11/92	62.44 12/12/74
65	Insurance (Life) (6)	1717.69	-0.2	–	5.29	–	68.18	1720.52	1686.96	1703.01	1435.04	1720.52 26/11	1243.61 6/4	1720.52 26/11/92	44.88 2/1/75
66	Insurance (Composite) (7)	636.11	+0.8	–	4.74	–	22.58	631.01	615.51	616.09	502.77	636.11 27/11	418.66 27/7	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	707.37	-0.7	8.86	7.57	15.14	42.23	712.15	706.50	709.72	996.02	1031.35 27/1	527.43 25/8	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (6)	448.39	-0.1	–	5.10	–	16.75	448.73	452.04	455.69	468.97	521.89 22/5	395.41 28/8	547.59 12/10/87	31.21 7/1/75
69	Property (30)	617.95	+0.5	9.12	6.85	14.34	24.94	614.78	615.32	613.72	848.52	799.69 20/1	464.71 16/9	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (14)	267.92	+0.8	7.41	6.25	17.72	10.24	265.88	265.06	264.41	237.07	271.79 26/5	215.81 2/9	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (69)	1274.33	+0.4	–	3.40	–	30.44	1269.48	1261.31	1263.21	1139.93	1274.33 27/11	1024.12 25/8	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (651)	1305.22	+0.6	–	4.50	–	40.06	1297.56	1285.35	1292.39	1168.95	1326.36 11/5	1086.13 25/8	1326.36 11/5/92	61.92 13/12/74

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Nov 27	Day's change %	Thu Nov 26	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (22)	128.46	-0.05	128.52	2.49	10.99
2	5-15 years (25)	145.19	-0.22	145.51	2.75	11.85
3	Over 15 years (8)	151.54	-0.38	152.11	2.97	10.57
4	Irredeemables (6)	169.93	-0.23	170.31	1.19	13.45
5	All stocks (61)	141.86	-0.18	142.12	2.70	11.64
	Index-Linked					
6	Up to 5 years (2)	184.16	+0.01	184.13	0.63	3.68
7	Over 5 years (10)	165.99	-0.26	166.42	1.25	4.04
8	All stocks (12)	167.23	-0.22	167.60	1.17	3.96
9	Debs & Loans (62)	123.05	-0.10	123.15	2.76	10.48

AVERAGE GROSS REDEMPTION YIELDS

			Fri Nov 27	Thu Nov 26	Year ago (approx.)	1992 High	1992 Low
	British Government						
1	Low	5 years	7.18	7.14	8.85	10.03 15/9	6.80 9/11
2	Coupons	15 years	8.33	8.27	9.60	9.72 1/4	8.06 12/11
3	(0%-7¾%)	20 years	8.58	8.53	9.60	9.72 1/4	8.34 12/11
4	Medium	5 years	7.56	7.51	9.94	10.28 1/4	7.11 11/11
5	Coupons	15 years	8.79	8.74	9.75	9.82 1/4	8.47 11/11
6	(8%-10¾%)	20 years	8.95	8.91	9.69	9.76 1/4	8.71 12/11
7	High	5 years	7.79	7.74	10.16	10.50 1/4	7.35 9/11
8	Coupons	15 years	9.08	9.02	9.84	9.96 1/4	8.76 11/11
9	(11%-)	20 years	9.16	9.10	9.75	9.90 5/10	8.87 11/11
10	Irredeemables (Flat Yield)		8.92	8.89	9.79	9.92 2/4	8.69 11/11
	Index-Linked						
11	Inflation rate 5%	Up to 5 yrs.	2.45	2.44	3.87	5.06 16/9	2.25 11/11
12	Inflation rate 5%	Over 5 yrs.	3.84	3.82	4.30	4.76 16/9	3.67 30/10
13	Inflation rate 10%	Up to 5 yrs.	1.65	1.62	3.24	4.23 16/9	1.50 13/11
14	Inflation rate 10%	Over 5 yrs.	3.66	3.63	4.12	4.56 16/9	3.49 30/10
15	Debs &	5 years	8.92	8.89	11.47	11.51 6/4	8.62 11/11
16	Loans	15 years	9.95	9.94	11.30	11.22 6/4	9.68 11/11
17		25 years	10.12	10.11	11.12	11.02 6/4	9.93 11/11

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allid Lyons (*641)	600	50	64	75	10	19	31
	650	19	36	45	33	42	60
ASDA (*55)	50	8	11	13	2½	5	6½
	60	4	6½	9½	9½	11	14
Brit. Airways (*279)	260	27	37	41	7	14	21
	280	17	26	30	16	21	30
SmKl Bchm A (*553)	550	28	39	55	20	28	37
	600	8½	19	32	54	58	63
Boots (*510)	500	28	41	51	13	20	28
	550	7	18	27	45	49	55
B.P. (*231)	220	19	22	28	6	10	15
	240	9	13	18	14	20	23
British Steel (*57)	50	10	12½	14½	3	4½	6½
	60	4	7	10	7	9	11
Bass (*588)	550	45	55	67	14	23	31
	600	16	28	41	41	52	60
C & W (*669)	650	41	58	71	18	27	40
	700	17	33	46	47	55	67
Courtaulds (*538)	500	47	60	67	11	18	28
	550	20	33	40	30	41	52
Com. Union (*612)	600	37	49	59	17	32	40
	650	14	25	37	46	62	70
Fisons (*209)	200	27	36	43	15	24	30
	220	16	27	34	27	34	42
GKN (*401)	390	25	32	39	12	24	29
	420	12	18	25	27	41	46
Grand Met. (*446)	420	39	45	56	11	18	25
	460	13	24	35	31	38	45
I.C.I. (*978)	950	64	77	88	23	52	60
	1000	35	49	64	44	80	87
Kingfisher (*577)	550	45	60	70	12	21	32
	600	18	34	44	37	45	56
Ladbroke (*191)	180	21	27	32	9	16	24
	200	10½	19	24	20	27	35
Land Secur (*424)	420	15	25	30	13	17	30
	460	3½	10	13	46	46	58
M & S (*325)	300	33	41	48	4	7	11
	330	14	23	28	15	18	25
Sainsbury (*517)	500	34	45	51	13	20	28
	550	9	20	31	39	47	55
Shell Trans. (*548)	500	58	61	68	3	8½	12
	550	20	26	36	17	29	34
Storehouse (*[illegible])	180	15	20	25	9	14	18
	200	5½	12	14	22	25	29
Trafalgar (*94)	90	7½	10	12	6½	10	13
	100	3½	6½	8	14	17	18
Utd. Biscuits (*336)	330	18	25	29	10	21	25
	360	6	11	16	29	41	43
Unilever (*1072)	1050	45	63	77	23	36	50
	1100	20	42	55	52	62	77

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit. Aero (*133)	130	20	26	29	17	27	28
	140	17	23	26	21	33	34
BAA (*766)	750	45	64	70	23	37	42
	800	20	61	49	59	67	72
BAT Inds (*958)	950	53	63	76	36	58	67
	1000	31	42	55	65	89	97
BTR (*[illegible])	460	53	58	63	6	13	19
	500	25	32	14	20	30	35
Brit. Telecom (*408)	390	28	37	[illegible]	11	14½	22
	420	13	22	28	27	30	36
Cadbury Sch (*444)	420	42	43	53	7	19	22
	460	18	23	32	25	40	43
Eastern Elec (*400)	400	22	32	–	21	27	–
	430	11	–	–	40	–	–
Guinness (*523)	500	49	58	65	12	[illegible]	30
	550	21	31	[illegible]	40	50	56
GEC (*265)	260	15	22	25	10	12½	19
	280	7	13	[illegible]	22	24	30
Hanson (*235)	220	20	23	25½	5	9	12
	240	8½	12½	15½	[illegible]	19	22
LASMO (*162)	160	20	22	26	15	22	25
	180	10	15	19	27	34	37
Lucas Inds (*122)	120	17	22	26	14	20	23
	130	13	17	22	20	26	29
P & O. (*473)	460	45	54	60	27	47	52
	500	26	35	42	48	72	74
Pilkington (*73)	70	12	14	18	7½	10	15
	80	8	12	13	13	17	20
Prudential (*294)	280	28	30	35	7½	15	18
	300	16	19	24	16	25	28
R.T.Z. (*618)	600	45	49	62	21	35	40
	650	23	33	39	48	62	65
Scot. & New (*426)	420	36	37	42	19	24	31
	460	8½	19	25	35	48	55
Tesco (*256)	240	26	32	35	7	12	14
	260	16	20	26	16	21	25
Thames Wtr (*481)	460	38	48	53	9	14	21
	500	16	26	30	28	32	41
Vodafone (*400)	390	31	45	52	15	24	29
	420	17	28	39	32	40	45

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Abbey Nat. (*373)	360	21	33	37	6	17	22
	390	5½	17	23	22	34	38
Amstrad (*28)	25	4½	5½	6	1½	1½	2
	30	1	2	2	3	3	3
Barclays (*371)	360	24	35	39	10	24	28
	390	8	28	24	25	42	46
Blue Circle (*170)	160	17	29	32	6½	19	24
	180	7½	19	24	18	26	35
British Gas (*279)	260	24	32	34	2½	5	10
	280	9	18	22	8	12	20
Dixons (*243)	240	12	23	29	12	21	27
	260	4	15	21	26	35	39
Eurotunnel (*365)	360	25	45	57	14	32	37
	390	12	30	43	31	50	63
Glaxo (*792)	750	58	85	105	9	33	46
	800	26	55	78	29	54	68
Hillsdown (*109)	100	12	21	22	4½	10	15
	110	7	14	[illegible]	8	[illegible]	21
Lonrho (*71)	70	6	10	12	5	11	13
	80	3	6	8½	11½	18	20
HSBC 75p shs (*521)	500	35	57	65	10	25	38
	550	10	32	41	37	52	66
Nat'l Power (*281)	280	10½	18	25	9	18	31
	300	3½	10	16	23	30	33
Reuters (*1331)	1300	52	99	125	30	64	88
	1350	27	74	102	54	90	115
R. Royce (*96)	90	9½	15	18	3½	9	10½
	100	4	10	12	8	14½	16½
Scot Power (*220)	220	7	12	16	6	12	14
	240	2	5	8½	21	25	27
Sears (*92)	90	7	10½	14	4	7½	10
	100	2½	6½	[illegible]	[illegible]	12	15
Forte (*173)	160	18	28	32	4	12	20
	180	7	18	22	15	22	31
Thorn EMI (*832)	800	47	62	83	9	26	35
	850	16	36	56	32	51	62
TSB (*139)	130	12	16	18	2½	7	10
	140	5	10	13	6½	12	14
Vaal Reefs (*29)	25	6	6½	7	1	1½	3½
	30	2	3½	4½	3½	6	6
Wellcome (*1035)	1000	53	92	117	18	47	64
	1050	30	66	90	40	75	88

EURO FT-SE INDEX (*2760)

	2575	2625	2675	2725	2775	2825	2875	2925
CALLS								
Dec	217	171	125	87	55	30	15	7
Jan	236	191	153	117	85	58	40	25
Feb	–	213	–	140	–	85	–	47
Mar	–	225	–	158	–	105	–	62
Jun	–	260	–	190	–	135	–	93
Sep	–	230	–	170	–	–	–	–
PUTS								
Dec	5	8	11	24	40	68	103	143
Jan	17	23	33	47	66	90	118	156
Feb	–	38	–	66	–	107	–	169
Mar	–	43	–	72	–	118	–	172
Jun	–	73	–	100	–	140	–	195
Sep	–	–	–	–	–	–	–	–

FT-SE INDEX (*2768)

	2550	2600	2650	2700	2750	2800	2850	2900
CALLS								
Dec	241	194	148	105	66	38	19	9
Jan	257	213	172	132	98	69	47	30
Feb	273	231	193	157	123	95	71	52
Mar	–	–	–	155	–	–	–	–
Jun †	–	280	–	198	–	148	–	100
PUTS								
Dec	4½	7½	11	17	32	55	92	137
Jan	17	21	29	42	59	81	111	148
Feb	28	36	47	61	–	–	–	–
Mar	–	–	–	85	–	–	–	–
Jun †	–	70	–	110	–	–	–	–

27 November Total Contracts 24,327
Calls 14,811 Puts 9,516
FT-SE Index Calls 4,381 Puts 2,636
Euro FT-SE Calls 1 1599 Puts 481
*Underlying security price † Long dated expiry months
Premiums shown are based on closing offer prices.

FT FIXED INTEREST INDICES

	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago	High *	Low *
Govt Secs (UK)	93.44	93.75	93.98	94.08	93.83	85.90	96.54	88.11
Fixed Interest	108.36	108.66	108.88	108.90	108.80	95.78	110.26	97.16

* for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Nov 26	130.1	155.2
Nov 25	156.6	160.3
Nov 24	165.0	163.6
Nov 23	141.6	163.7
Nov 20	159.9	172.5

* SE activity indices rebased 1974

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Cadburys	35	Hanson	17	Ratners	2½	Land Sec.	32
Allied-Lyons	47	Charter Cons.	44	ICI	55	Reed Intl	42	MEPC	22
Amstrad	4	Comm Union	42	Ladbroke	20	Sears	7	**OILS**	
Astec (BSR)	3½	Courtaulds	36	Legal & Gen	27	SmKl Bchm A	34	Aviva Pet	6
BAT Inds	60	Eurotunnel	32	Lex Service	19	TI	26	BP	22
BOC	49	FKI	5	Lloyds Bank	34	TSB	11½	Burmah Castrol	58
BTR	35	FNFC	6	Lonhro	8	Tesco	17	Conroy Pet	6
Barclays	28	Forte	17	Lucas Inds	11	Thorn EMI	58	Gaelic Res	½
Blue Circle	19	GKN	35	Marks Spencer	25	T & N	15	Premier Cons	2½
Boots	31	Gen Accident	40	NatWest Bank	25	Unilever	75	Shell	42
Bowater	55	GEC	17	P & O Dfd	32	Vickers	9	Tusker Res	½
Brit Aerospace	30	Glaxo	16	Racal Elect	6	Wellcome	71	**MINES**	
British Steel	6	Grand Met	34	RHM	14	**PROPERTY**			
BT	26	GRE	15	Rank Org	42	Brit Land	16	RTZ	50

INTERNATIONAL COMPANIES AND FINANCE

Japan's long-term credit banks hit by securities losses

By Robert Thomson in Tokyo

JAPAN'S three long-term credit banks yesterday reported a halving of their pre-tax profits for the first half, but relatively modest provisions *for loan losses in spite of heavy* exposure to collapsed developers and speculators.

Industrial Bank of Japan (IBJ) reported a 48.8 per cent fall in pre-tax profits to Y35.5bn ($286m) while Long-Term Credit Bank of Japan (LTCB) was 57.8 per cent lower at Y23bn, and Nippon Credit Bank (NCB) was down 48.3 per cent to Y22.5bn.

Like the country's leading commercial banks, the long-term credit banks reported sharply higher profits in their core banking businesses, due to a drop in interest rates, but were forced to book large appraisal losses on securities holdings.

Core profits rose 29.4 cent at IBJ, 101.5 per cent at LTCB and 109.1 per cent at NCB. Securities valuation losses, a result of the troubles on the Tokyo stock market, totalled Y53.9bn at IBJ, Y41.1bn at LTCB, and Y23.8bn at NCB.

The non-performing loan problem is most serious at NCB, which has been forced to seek assistance from other banks for the restructuring of three non-bank affiliates. These leasing and finance companies were large lenders to the property market and have been left with non-performing loans equivalent to about 20 per cent of outstanding loans.

NCB increased its loan-loss reserve by Y13.6bn to Y48.5bn – equivalent to about 0.9 per cent of total loans or a write-off of 1.8 per cent on an after-tax basis.

One problem for the banks is that Japanese tax laws require them to have clear proof of non-payment before a write-off is accepted. This makes it difficult to write off loans from companies which have stopped repayments but are not technically bankrupt.

However, the three banks reported capital adequacy ratios well above the target of 8 per cent, as defined by the Bank for International Settlements. The strongest of the banks, IBJ, had the lowest ratio – 8.71 per cent at end-September – while LTCB was at 9.07 per cent and NCB at 9.06 per cent.

NEC says charges will push it to Y9bn loss

By Steven Butler in Tokyo

NEC, the Japanese electronics company that dominates the domestic personal computer market, yesterday said it would post a consolidated net loss of Y9bn ($72.58m) in the 12 months to the end of March next year. The company earned Y15.28bn last year.

NEC has been hit hard by the decline in domestic capital spending and the sluggishness of personal consumption, which have eaten deeply into sales in its main lines of business. In the half-year to September, net profits declined by 77.3 per cent to Y4.25bn. Sales fell by 7.1 per cent to Y1,688.2bn.

However, the company expects second-half results to be much worse because of two factors: rising depreciation charges stemming from the completion of semiconductor manufacturing facilities in North America and Japan, and charges resulting from a restructuring of NEC's home electronics business in North America.

On a pre-tax level, profits in the first half of the year plunged by 83.9 per cent to Y8.26bn. For the full year, the company expected Y10bn in pre-tax profits.

For the interim period, sales of communication systems and equipment were down 9 per cent to Y452.98bn. Computers and industrial electronics systems were down 6.3 per cent to Y838.7bn, while electron devices, including semiconductors, fell 6.9 per cent to Y299.2bn.

Packer's Westpac purchase keeps the markets guessing

The Australian bank was an obvious target, but what is Kerry Packer's strategy? Kevin Brown reports

A SINGLE question was reverberating around Australia's business community yesterday: what is Kerry Packer up to? It is a question which has been asked many times before. As usual, it prompted plenty of speculation, but few answers.

There was little surprise when Mr Packer, the entrepreneurial owner of the Consolidated Press Holdings (ConsPress) publishing group, emerged on Thursday as the buyer of an 8.27 per cent stake in Westpac Banking Corporation, the troubled Australian bank.

Market gossip had linked Mr Packer with Westpac since October, when the bank's A$3-a-share, A$1.2bn (US$825m) rights issue had closed 72 per cent under-subscribed, leaving dozens of sub-underwriters holding some 290m shares.

The shares, representing about 19 per cent of Westpac's expanded share capital, were worth significantly less than A$3 in the stock market, and were ripe for acquisition by a buyer with plenty of cash.

But why was Mr Packer willing to bail out the underwriters when so many other shareholders, including many of Australia's institutional buyers, were unwilling to take up their rights only a few weeks earlier?

Is he simply spending some of his cash on an undervalued recovery stock? Is he hoping to pick up windfall profits if a rival bidder appears? Or does he want to run Westpac?

Only three people know the answer: Mr Packer, who is believed to be playing polo in Argentina; Mr Al Dunlap, the irascible American chief executive of ConsPress; and Mr Packer's *son Jamie, who is* being groomed to inherit the company.

None are likely to explain the strategy unless forced to do so. As Mr Packer told a parliamentary committee last year, the affairs of ConsPress are no business of anyone but the sole shareholder – himself.

However, Mr Packer has clearly been poised to make a major investment since March, when he completed a reconstruction of ConsPress which left the group debt-free with assets of about A$3bn, including A$1bn in cash.

He spelt out his long-term strategy in broad terms in a rare interview in April with Australian Business Monthly, one of his own magazines.

"I believe that over the next two or three years there are going to be terrific opportunities, and that anyone in a position such as ours will be able to take advantage of anything that comes up," he said.

Westpac's problems made it an obvious target. Shortly after the rights issue debacle, five directors resigned, including the then chairman, and the bank subsequently reported a net loss of A$1.5bn for the year ended September, after writing *off more* than A$2.6bn against bad and doubtful loans.

The bank's problems were reflected in its share price, which fell from A$4.52 in January to a low of A$2.39 earlier this month, presenting a rare opportunity to acquire a significant stake cheaply. Westpac shares closed at A$2.99 yesterday, suggesting that Mr Packer has already made a small profit on his holding, which was acquired at prices of between A$2.52 and A$2.93.

Mr Packer may expect the shares to continue to rise as the bank returns to profitability over the coming year. He may also be positioning himself for the possibility of a victory by the opposition conservative coalition in next year's federal election. That would probably lead to an easing of restrictions on bank takeovers and open the way for a bid for Westpac from one of Australia's stronger banks.

However, Mr Packer is rarely a passive investor. His strategy is to buy undervalued companies, and add value to his holding by restoring profitability as quickly as possible. To do that, he needs control, and the key question is what level of control he thinks he will be able to exercise over Westpac.

By Friday evening, ConsPress is believed to have expanded its shareholding to the 10 per cent ceiling on individual limit on shareholdings imposed by Westpac's deed of settlement and the federal Bank Shareholdings Act.

The act allows a maximum individual shareholding of 15 per cent, with the approval of Mr John Dawkins, the federal treasurer (finance minister), who would have to rule that the increased stake was not *against the national interest.*

Mr Dawkins' office said yesterday that Mr Packer had not requested permission to exceed 10 per cent. However, a 1986 precedent involving Mr John Spalvins' Adsteam group suggests he will be allowed to increase his stake if he wishes.

A 15 per cent holding would not give *Mr Packer* control. But it would probably give him two board seats, and a level of influence comparable with that wielded by the AMP Society, Australia's biggest financial institution, which also owns 15 per cent of Westpac.

Given his record, Mr Packer's goal would probably be to speed the bank's return to profitability by accelerating the recovery programme announced recently by Mr Frank Conroy, Westpac managing director.

Analysts say it is not clear *how* that might be done. But Mr Packer's views appear remarkably similar to those of the AMP, which recently gave Westpac a six-month deadline to deliver a significant improvement in performance.

Mr Ian Salmon, AMP managing director, was enthusiastic about Mr Packer's investment *yesterday, suggesting that* there may be a degree of common ground. If that were so, Mr Packer's influence could be much greater than his limited shareholding would suggest.

For the time being, however, there are still no real answers to what Australia's most enigmatic businessman is up to. But, barring an unexpected collapse in the share price, he seems likely to make a healthy profit whatever happens.

Packer: has probably already made a profit on his 8.27% stake

Nomura will repay Y23bn to investors

By Emiko Terazono in Tokyo

NOMURA Securities, Japan's largest stockbroker, is to reimburse investors who lost money on step-up coupon property-backed securities and will halve commissions on investment trusts to stimulate demand.

Nomura said it will repay Y23bn ($185.5m) to clients, who have lost more than 40 per cent of their investments on the bonds.

The move follows an admission that Nomura failed to warn investors of potential risks of its foreign property *backed securities,*

Mr Yasuhiro Mizuuchi, Nomura's vice-president, admitted breaching industry regulations, which require brokers to warn investors of risks involved in investment products, due to a "sales accident".

Investor confidence was shattered by revelations of brokers' loss compensation on stock losses for favoured clients.

Nomura said it would compensate 14,300 investors the face value of the property backed securities, and pay 6 per cent interest.

The broker sold $336m worth of bonds in 1989 and 1990, marketing the products as high-return investments.

The announcement could encourage other retail investors who feel they were misled by brokers in making securities investments to seek compensation from other Japanese brokers.

Nomura claims the losses due to the reimbursement will not affect annual profits, as it will try to sell real estate assets to raise the funds.

But the Japanese real estate *market remains stagnant,* and Nomura may face difficulties in liquidating its land holdings.

In a further attempt to appease retail investors, Nomura will also halve the commission on its new 10-year securities investment trust funds starting next week.

The move comes as the ministry of finance is liberalising commissions for investment trust funds, in an attempt to encourage investors back into the market.

US group buys Greek shipyard

THE HELLENIC Industrial Development Bank (ETVA) has agreed to sell Neorion Shipyards, a state-owned yard on the Aegean island of Syros, to a US shipping company for Dr3.3bn ($16.5m), writes Kerin Hope in Athens. Ionian American Maritime, owned by Mr *Spyros Mylonas, made the* highest of three bids for the yard, offering Dr300m in cash with the remainder to be paid in seven annual instalments.

Correction

Japanese banks

THE BIS ratio for Tokai Bank at September 1991 was 8.38 while that of Bank of Tokyo at September 1992 was 8.80, and not as reported yesterday.

Suez breaks off talks with UAP

By Alice Rawsthorn in Paris

SUEZ, one of France's most prominent holding companies, has broken off its long-running negotiations with Union des Assurances de Paris (UAP), the largest state-controlled French insurer, over the latter's plan *to invest in Suez's German* insurance interests.

The Suez board decided at a meeting late last week to suspend negotiations. It has for more than two years been locked in intricate discussions with UAP, which hoped to swap its minority holding in Victoire, a French insurer controlled by Suez, for part of Victoire's stake in Colonia, a large German insurance company.

The break-off in negotiations is highly sensitive given that UAP is a significant minority shareholder in Suez, with 6.5 per cent of the equity and 10.5 per cent of the voting shares. It also highlights the tension between Mr Jean Peyrelevade, UAP's chairman, and his successor as chairman of Suez, Mr Gérard Worms.

UAP was anxious to use *Colonia as a base from which* to expand into German, the biggest single European insurance market. Assurances Générales de France (AGF), one of its closest competitors, recently sealed its investment in AMB, another German insurer. Mr Peyrelevade, who has played an active role in the negotiations, hoped to take a 50 per cent share in Colonia in return for all or part of UAP's Victoire shares.

But UAP was in a relatively weak negotiating position given that its only bargaining ploy was a minority stake and Suez already had clear control of Victoire.

As a result, the two companies argued over price. Mr Peyrelevade was reluctant to compromise after his involvement with Suez. Meanwhile, as Mr *Worms is well aware, the* French financial community has seen the Colonia affair as an important test of his influence over Suez and of his independence from his old boss.

The Suez board decided at last week's meeting that the gap between the two sides was "too wide" for them to reach agreement.

The board was unanimous in its decision to suspend discussions with UAP, which did not send its representative to the meeting.

Rhône-Poulenc chief sees possible bar to sell-off

By Alice Rawsthorn

THE FRENCH government's plans to sell a substantial minority take in Rhône-Poulenc, France's flagship chemicals group, could be *scuppered by a legal hitch,* according to the company.

Rhône-Poulenc yesterday confirmed a warning by Mr Jean-René Fourtou, its chairman, that under French privatisation law the state may not be allowed to sell as many shares as it had intended.

Mr Fourtou, a staunch supporter of privatisation for Rhône-Poulenc, warned that this plan could fail because it might involve the government selling below the level permitted by France's privatisation commission. He did not specify the level, but warned there was a "one in two chance" of the state having to scale down the proposed sale.

Mr Michel Sapin, finance minister, this week announced *plans to sell at least 8m shares* in Rhône-Poulenc (10.6 per cent of its equity) before February.

This sale, combined with an accompanying change in the status of Rhône-Poulenc's shares to enfranchise non-voting shareholders, will reduce the government's share of voting stock from 77.5 per cent to 45 per cent – although it would still hold an effective majority of the voting shares thanks to the 19 per cent stake held by other state-controlled institutions.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$334.05	-2.3	$366.35	$358.40	$334.05
Silver Per troy oz	249.50p		230.80p	249.50p	187.58p
Aluminium 99.7% (cash)	$1197.50	+44.50	$1106	$1339.0	$1105.5
Copper Grade A (cash)	£1450.50	+48	£1012.50	£1450.50	£1125.0
Lead(cash)	£309	+3.50	£292	£383.5	£278.50
Nickel (cash)	$6010	+605	$7130	$8195.0	$5315
Zinc SHG (cash)	$1128.50	+80	$1208	$1457.5	$1019.0
Tin (cash)	$5715	+40	$5465	$7115.0	$5425.0
Cocoa Futures (Mar)	£737	-7	£763	£751	£523
Coffee Futures (Jan)	$956	-12	£619	$1013	$678
Sugar (LDP Raw)	$219.40	-1.80	$227.50	$272.8	$193
Barley Futures (Jan)	£138.10	+6.5	£122.95	£138.10	£106.90
Wheat Futures (Jan)	£138.60	+5.2	£128.50	£138.60	£109.85
Cotton Outlook A Index	53.10c	+0.35	61.95c	65.90c	52.25c
Wool (64s Super)	427p	+7	397p	480p	384p
Oil (Brent Blend)	$18.975x	-0.4	$20.25	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Jan.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Jan)		+ or -
Dubai	$16.90-7.00u	+.225
Brent Blend (dated)	$19.00-0.05	+0.10
Brent Blend (Jan)	$18.95-9.00	+0.20
W T I (1 pm est)	Unq	
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$206-208	+0.5
Gas Oil	$178-180	
Heavy Fuel Oil	$87-88	
Naphtha	$176-178	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$334.05	-0.65
Silver (per troy oz)♣	*374.50c*	*-2*
Platinum (per troy oz)	$357.75	+1.5
Palladium (per troy oz)	$94.00	-0.15
Copper (US Producer)	100.5c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.15r	+0.01
Tin (New York)	Unq	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	111.74p	-1.66*
Sheep (live weight)†♠	96.31p	+2.56*
Pigs (live weight)†	87.07p	+0.79*
London daily sugar (raw)	$219.4w	+0.8
London daily sugar (white)	$252.2w	+0.2
Tate and Lyle export price	£254.5	+1.5
Barley (English feed)	£141.0z	
Maize (US No. 3 yellow)	£155.0	
Wheat (US Dark Northern)	Unq	
Rubber (Jan)♥	63.50p	+0.50
Rubber (Feb)♥	63.75p	+0.50
Rubber (KL RSS No 1 Dec)	223.0m	
Coconut oil (Philippines)§	$485.0y	-5
Palm Oil (Malaysian)§	$410.0	-2.5
Copra (Philippines)§	$320.0	
Soyabeans (US)	£173.0u	+2
Cotton "A" index	53.10c	+0.10
Wooltops (64s Super)	427p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg t-Dec y-Jan/Feb u-Jan w-Dec/Jan z-Jan/Mar †Meat Commission average fatstock prices * change from a week ago ♥London physical §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg. ♠Sheep prices are now live weight prices

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Dec	186.00	187.00	184.00 184.00
Mar	190.20	190.00	189.80 189.40
White	**Close**	**Previous**	**High/Low**
Mar	252.70	252.00	253.00 252.20
May	256.60	255.60	256.00 256.00

Turnover: Raw 116 (49) lots of 50 tonnes. White 89 (93) Paris- White (FFr per tonne): Mar 1393.36 May 1436.74

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Jan	18.95	18.75	19.12 18.75
Feb	18.91	18.69	19.05 18.74
Mar	18.87	18.67	18.92 18.73
Apr	18.84	18.64	18.84 18.82
May	18.83	18.66	18.89
Jul	18.75		18.71
IPE Index	19.02	19.15	19.02

Turnover 26051 (18434)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Dec	174.50	174.50	176.75 174.25
Jan	176.50	176.50	179.00 176.50
Feb	177.50	177.75	179.50 177.25
Mar	175.75	175.75	177.75 176.00
Apr	172.50	172.00	174.50 172.50
May	169.50	169.00	171.50 169.50
Jun	169.00	168.00	170.50 169.00

Turnover 10721 (13871) lots of 100 tonnes

Nearby supplies of cassia/cinnamom *remain very tight, reports Man-producten.* Indonesian spot ka/va sticks $2,400 a tonne, kbbrcl $1,600, Seychelles $1,500; shipment ka/va $2,000, kbbrcl $1,300 for Dec/Jan Nutmegs – spot Rotterdam abcd $1,600, ss $1,350, bwp $900 shipment abcd $1,450, ss $1,250, bwp $825. Mace spot $1,600, shipment $1,475. Ginger/turmeric – no change Cloves – spot Rotterdam $1,050, shipment Dec/Jan $850 Brazilian crop in full swing, but maximum harvest expected at 3,000 tonnes, price at around $1,100. Pimento – both Jamaican and Mexico spot Europe very tight.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	710	711	714 705
Mar	737	737	740 734
May	753	755	756 750
Jul	767	766	770
Sep	781	780	786 781
Dec	801	802	805 802
Mar	824	821	[illegible]

Turnover 2247 (3926) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Nov 26 - (777.69) 10 day average for Nov 27 - (785.61)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Nov	926	917	929 913
Jan	956	960	962 950
Mar	976	969	979 970
May	972	963	977 963
Jul	983	973	982 978
Sep	998	986	998

Turnover:1368 (1018) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Nov 25: Comp daily - (57.94) 15 day average - (57.46)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	60.9	60.7	61.0 60.5

Turnover 31 (49) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Jun	144.50	140.80	144.50

Turnover 25 (0) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Dec	1290	1275	1290
Jan	1280	1255	1280 1261
Apr	1270	1260	1270
BFI	1318	1311	1318

Turnover 112 (293)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Jan	137.00	137.20	137.00
Mar	138.60	139.40	139.50 139.00
May	141.40	141.55	141.80 141.40
Sep	109.50	109.00	109.75 109.50
Nov	112.25	111.75	112.25
Barley	**Close**	**Previous**	**High/Low**
Jan	135.60	135.90	135.60
Mar	138.10	138.40	138.40 138.10
May	139.40		139.75 139.40

Turnover: Wheat 303 (212), Barley 82 (42). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	105.0	106.0	105.5
Feb	104.0	104.5	104.0
Apr	105.0	105.5	105.0

Turnover 4 (11) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 35,709 lots
Cash	1197-8	1198.5-9.5		1193.5-4.5		
3 months	1219-20	1219-9.5	1221/1210	1215-5.5	1216-7	165,290 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,470 lots
Cash	1450-1	1419-20	1440.5/1420.5	1440-1		
3 months	1474-4.5	1444-4.5	1474/1450	1464-4.5	1474-4.5	153,706 lots
Lead (£ per tonne)						Total daily turnover 2,594 lots
Cash	308.5-9.5	306.5-7.5	305.5	308-5.5		
3 months	320-1	318-8.5	321.5/316	317-7.5	320-1	24,604 lots
Nickel ($ per tonne)						Total daily turnover 13,637 lots
Cash	6005-15	5700-10		5915-20		
3 months	6070-80	5775-85	6100/5880	5990-1	6070-80	39,353 lots
Tin ($ per tonne)						Total daily turnover 3,170 lots
Cash	5710-20	5730-40		5668-70		
3 months	5770-5	5785-90	5795/5730	5725-8	5735-45	10,447 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 11,073 lots
Cash	1126-7	1081-3	1090/1089	1090-2		
3 months	1138-9	1087-8	1140/1101	1109-10	1129-30	75,422 lots

LME Closing £/$ rate: SPOT: 1.5115 3 months: 1.4987 6 months: 1.4905 9 months: 1.4834

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	333.90-334.20	
Opening	333.90-334.30	
Morning fix	334.00	221.119
Afternoon fix	334.05	221.152
Day's high	334.00-335.10	
Day's low	333.85-334.15	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	1.78	6 months	2.14
2 months	1.80	12 months	2.49
3 months	1.85		

Silver fix	p/troy oz	US cts equiv
Spot	248.45	375.00
3 months	252.85	378.55
6 months	257.05	382.20
12 months	264.65	390.00

GOLD COINS

	$ price	£ equivalent
Krugerrand	333.50-336.50	221.00-223.00
Maple leaf	343.60-345.60	-
New Sovereign	78.50-81.50	52.00-54.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1150	66	85	5	10
1175	47	66	11	16
1200	31	50	20	26
Copper (Grade A)	**Calls**		**Puts**	
2100	105	126	4	13
2150	65	91	14	24
2200	35	60	33	43
Coffee Nov.26	**Jan**	**Mar**	**Jan**	**Mar**
900	57	80	7	21
950	25	60	25	41
1000	9	39	59	70
Cocoa Nov.26	**Mar**	**May**	**Mar**	**May**
725	44	66	32	38
750	33	53	46	50
775	25	44	63	66
Brent Crude	**Jan**	**Feb**	**Jan**	**Feb**
1950	16	32		
2000	7	19		
2050	2	11		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	334.0	333.5	334.2	333.0
Jan	335.1	334.3	0	0
Feb	335.5	334.7	335.6	334.5
Apr	336.8	335.9	336.6	335.8
Jun	338.4	337.4	338.5	337.6
Aug	340.1	339.1	0	0
Oct	342.0	341.0	0	0
Dec	343.9	342.9	343.7	342.5
Feb	346.2	345.2	345.6	345.6

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	371.5	374.7	374.0	370.5
Jan	372.8	375.9	0	0
Mar	375.7	378.6	378.5	374.5
May	378.6	381.5	380.0	378.0
Jul	381.3	384.2	383.0	380.0
Sep	384.2	387.1	385.0	384.0
Dec	388.9	391.8	391.5	388.0
Jan	390.2	393.1	0	0
Mar	394.2	397.1	395.0	395.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	98.20	95.85	98.40	96.80
Jan	98.70	96.35	98.70	97.80
Feb	99.20	96.70	0	0
Mar	99.60	97.10	99.75	98.10
Apr	100.00	97.50	0	0
May	100.45	97.90	100.45	99.05
Jun	100.75	98.25	101.00	99.70
Jul	101.10	98.65	100.70	100.00
Aug	101.40	99.00	0	0
Sep	101.70	99.40	101.70	101.10

INDICES

REUTERS (Base:September 18 1931 = 100)

Nov.27	Nov.26	mnth ago	yr ago
1658.5	1654.1	1649.4	1639.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Nov.26	Nov.25	mnth ago	yr ago
Spot	-	118.58	113.59	-
Futures	-	118.88	115.81	-

American markets

New York markets remained closed yesterday for an extended Thanksgiving Holiday.

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	566/2	566/2	567/6	566/0
Mar	571/2	574/2	574/0	571/0
May	577/2	580/2	579/0	577/0
Jul	583/2	585/6	585/2	583/0
Aug	585/0	587/4	586/4	585/0
Sep	585/4	585/6	586/0	585/0
Nov	589/4	591/4	591/0	589/2

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	20.45	20.71	20.66	20.44
Jan	20.61	20.84	20.84	20.60
Mar	20.87	21.09	21.08	20.84
May	21.04	21.25	21.22	21.01
Jul	21.17	21.40	21.35	21.13
Aug	21.22	21.42	21.31	21.20
Sep	21.24	21.44	21.36	21.23
Oct	21.26	21.44	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	181.6	182.2	182.1	181.5
Jan	182.0	182.2	182.1	181.6
Mar	182.4	182.2	182.6	181.8
May	183.1	182.9	183.3	182.5
Jul	185.1	184.6	185.2	184.8
Aug	185.9	185.5	185.8	186.0
Sep	186.9	186.5	187.3	186.8
Oct	188.3	188.3	188.6	187.8

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	213/0	216/2	214/4	212/6
Mar	222/6	224/4	224/0	222/4
May	230/4	232/4	231/4	230/2
Jul	236/0	237/4	236/6	235/4
Sep	240/0	241/2	240/6	240/0
Dec	244/6	245/4	245/0	244/2
Mar	251/6	252/2	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	375/6	379/4	379/4	375/4
Mar	371/6	375/4	375/4	371/4
May	358/4	358/4	360/2	357/2
Jul	330/6	332/0	334/0	330/0
Sep	336/4	337/0	340/0	336/4
Dec	347/4	348/0	349/0	347/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	76.350	76.450	76.550	76.150
Feb	73.850	74.050	74.050	73.750
Apr	74.100	74.300	74.400	74.050
Jun	70.825	70.875	71.000	70.650
Aug	69.300	69.275	69.675	69.100
Oct	69.850	69.800	69.900	69.600
Dec	70.000	69.750	70.000	70.000

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	44.625	44.875	44.850	44.550
Feb	43.650	44.175	44.100	43.550
Apr	41.525	41.925	41.950	41.500
Jun	46.025	46.425	46.475	46.025
Jul	45.700	45.950	45.900	45.700
Aug	44.525	44.750	44.850	44.400
Oct	41.350	41.450	41.450	41.200

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	40.150	41.350	41.550	40.125
Mar	40.425	41.450	41.500	40.400
May	41.450	42.600	42.550	41.450
Jul	42.100	43.550	43.500	42.100
Aug	41.400	42.800	41.850	41.200

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

A new bout of ERM tension

AFTER a two day lull, the European Exchange Rate Mechanism was the scene of new tensions yesterday, with the French franc falling towards FFr3.40 to the D-Mark while the Irish punt remained at the bottom of its ERM bands, *writes James Blitz.*

The speculation against the French franc and other European currencies remained weak compared to the tensions of the early autumn.

However, a comment from Mr Hans Tietmeyer, the Deputy President of the Bundesbank, that German interest rates "are not too high" confirmed the view that ERM pressures are unlikely to be eased soon by a fall in the Bundesbank's official rates.

A principal beneficiary of yesterday's tension was the dollar rather than the D-Mark. The US currency rose to a high of DM1.6060, helped by the *impression of it as a safe haven* currency. It later closed slightly higher on the day at 1.5980.

Inside Europe, the focus of interest was the Irish punt. Some dealers think the currency may be devalued this weekend. The punt continued to hover a shade above its floors against the Belgian franc and the guilder, but there was no selling pressure with overnight interest rates at 100%.

Otherwise, the day was marked by another setback for the French franc. Mr Tietmeyer's comments and a rise in French unemployment to 2.93m combined to bring the franc down to a close of FFr3.393.

The prospects of a devaluation of the French franc seem slim. The devaluation of the French franc would be the end of the ERM, the Bonn-Paris axis, and the basis of the policy of Presidents Kohl and Mitterrand.

But there are gloomy views this weekend about the forthcoming prospects for the currency.

Mr Neil MacKinnon, chief economist at Citibank in London, says that there is an increasingly probability that the French will succumb to a devaluation. He believes that yesterday's rise in unemployment will again focus the attention of Mr Beregovoy's government on whether short term interest rates can remain above 9 per cent.

"In the run-up to the national assembly elections in France, the government will do its best to cut rates," says Mr MacKinnon.

Mr Brendan Brown, chief economist at Mitsubishi in London, believes that France's recent intransigence over the US/European trade deal may blossom into serious tensions in the Franco-German relationship. "How could the Bundesbank be persuaded to help out *the French again, as they did* in September ?" he asks.

£ IN NEW YORK

Nov.26	Latest	Previous Close
£ Spot	1.5085-1.5095	1.5265-1.5275
1 month	0.46-0.44pm	0.55-0.53pm
3 months	1.26-1.23pm	1.26-1.24pm
12 months	3.60-3.50pm	3.65-3.55pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.27	Previous
8.30 am	78.5	78.7
9.00 am	78.4	78.7
10.00 am	78.4	78.8
11.00 am	78.4	78.7
Noon	78.5	78.6
1.00 pm	78.4	78.7
2.00 pm	78.5	78.7
3.00 pm	78.4	78.6
4.00 pm	78.4	78.7

CURRENCY RATES

Nov 27	Bank rate %	Special* Drawing Rights	European† Currency Unit
Sterling	—	0.908216	0.809594
U S Dollar	3.00	1.38612	1.22168
Canadian $	6.18	1.77839	1.56766
Austrian Sch	8.25	N/A	13.8001
Belgian Franc	7.75	45.9079	40.3642
Danish Krone	9.50	N/A	7.57257
D-Mark	8.25	2.20629	1.96140
Dutch Guilder	7.75	2.47971	2.20550
French Franc	10	7.47119	6.65204
Italian Lira	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

OTHER CURRENCIES

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5115	1.5069	1.4987	1.4888	1.4754
D-mark	2.4150	2.4108	2.4051	2.3966	2.3874
French Fr.	8.1925	8.1659	8.1249	8.0665	7.9990
Swiss Fr.	2.1775	2.1766	2.1736	2.1701	2.1603
Yen	188.00	187.94	186.33	184.94	182.45

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 27	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	176.032	-3.38	5.16	57
Spanish Peseta	143.386	141.727	-1.16	2.79	20
Belgian Franc	40.6304	40.3642	-0.66	2.27	[illegible]
Dutch Guilder	2.21958	2.20550	-0.63	2.25	34
D-Mark	1.96992	1.96140	-0.43	2.04	31

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE BUND FUTURES OPTIONS

LIFFE EUROMARK OPTIONS

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS

LIFFE SHORT STERLING OPTIONS

LIFFE EURO SWISS FRANC OPTIONS

CHICAGO

LONDON (LIFFE)

PHILADELPHIA SE £/$ OPTIONS

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls January	Calls March	Calls June	Puts January	Puts March	Puts June
109	-	-	-	0.11	0.47	-
110	1.10	1.62	-	0.26	0.75	-
111	0.60	1.05	-	0.65	1.17	-
112	0.17	0.62	1.24	-	1.72	-
113	0.05	0.31	-	-	-	-
Open int.	0	182,088	30,850	0	136,746	11,925

Estimated volume 18,714 † Total Open Interest 351,609

† All Yield & Open Interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday November 25, 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	351,541,148	-	1,061,481,828
Bankers Deposits	1,625,050,244	+	55,832,743
Reserve and other Accounts	3,910,946,792	-	67,937,117
	5,902,091,184	-	1,093,586,002
ASSETS			
Government Securities	1,537,321,178	+	188,800,001
Advance and other Accounts	3,558,152,878	-	27,749,128
Premises Equipment & other Secs	798,346,300	-	1,259,064,904
Notes	8,068,111	+	4,297,318
Coin	202,719	+	29,709
	5,902,091,184	-	1,093,586,002
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,431,931,889	+	145,702,682
Notes in Banking Department	8,068,111	+	4,297,318
	16,440,000,000	+	150,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	6,737,168,237	+	342,536,369
Other Securities	9,691,816,663	-	192,536,369
	16,440,000,000	+	150,000,000

MONEY MARKETS

No change expected

EUROPEAN interest rate markets ended the week on a depressed note yesterday, and few dealers now expect any easing in official interest rates in Germany, France or the UK before the end of the year, *writes James Blitz.*

A month ago, the speed with which Germany was entering recession made dealers confident that the Bundesbank *would ease official interest* rates by at least 50 basis points before the end of the year. The recent tension in the European Exchange Rate Mechanism also raised the prospect of Germany being forced to ease policy in support of vulnerable currencies in the currency system.

A wave of bearish comments from members of the Bundesbank council has recently made the market revise that optimism. Yesterday, Mr Hans Tietmeyer, the deputy president of the central bank council, added to the mood by saying that German rates were "not too high" and that German monetary policy must stick to its anti-inflationary course.

An acceleration in West German consumer prices in November dashed hopes of a cut: there was a rise of 0.5 percentage points in November from October, implying a 3.7 per cent rise on the year.

No market reflects the change in sentiment as much as Euromark futures. Yesterday the December contract closed down another 3 basis points on the day at 91.19. That is some 55 basis points below the level that the contract was at on October 13.

The price now assumes that 3-month German cash will be at 8.81 per cent when the contract matures in three weeks *time. Three-month money was* trading at 8.87 per cent yesterday.

Similar sentiment is being felt in French markets. There is still lingering uncertainty about the franc's position in the ERM, and yesterday the December contract closed down 23 basis points from its highs for the day at 89.87. With 3-month money priced at 10¾ per cent yesterday, this reflects virtually no change in official French rates.

Now that sterling is out of the European system of fixed exchange rates, there is no reason why UK market rates should shadow continental moves. Nevertheless, recent weeks have only underlined the feeling that base rates will stay at 7 per cent until well into next year. "We are in for a long spell of technical markets in sterling," said one London-based dealer this week.

Three-month money yesterday closed at around 7¼ per cent, unchanged on the week.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

BASE LENDING RATES

	%		%		%
Adam & Company	7	Credit Lyonnais	7	McDonnell Douglas Bnk.	7
Allied Trust Bank	7	Cyprus Popular Bk	7	Midland Bank	7
AIB Bank	7	Duncan Lawrie	7	Mount Banking	7
● Henry Ansbacher	7	Equatorial Bank plc	7	NatWestminster	7
B & C Merchant Bank	13	Exeter Bank Limited	8.5	Northern Bank Ltd	7
Bank of Baroda	7	Financial & Gen. Bank	8	Nykredit Mortgage Bank	7.5
Banco Bilbao Vizcaya	7	● Robert Fleming & Co	7	● Rea Brothers	7
Bank of Cyprus	7	Girobank	7	Roxburghe Bank Ltd.	10
Bank of Ireland	7	● Guinness Mahon	7	Royal Bk of Scotland	7
Bank of India	7	Habib Bank AG Zurich	7	● Smith & Williamson Secs.	7
Bank of Scotland	7	● Hambros Bank	7	Standard Chartered	7
Banque Belge Ltd	7	Hampshire Trust Plc	13.5	TSB	7
Barclays Bank	7	Heritable & Gen Inv Bnk.	7	Unibank plc	7
Brit Bk of Mid East	7	● Hill Samuel	7	● United Bk of Kuwait	8
● Brown Shipley	7	C. Hoare & Co.	7	Unity Trust Bank Plc	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Western Trust	7
Citibank NA	7	Julian Hodge Bank	7	Whiteaway Laidlaw	7
City Merchants Bank	7	● Leopold Joseph & Sons	7	Yorkshire Bank	7
Clydesdale Bank	7	Lloyds Bank	7		
Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES— Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2597

Treasury 13¾% Stk 2000/03 - £130⅞
Exchequer 10½% Stk 2005 - £114¼ 114⅜ ZZ114½ (24No92)
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £125⅞ [illegible]

Corporation and County Stocks

No. of bargains included 2

[illegible]

Municipality Finance Ld 9½% Gtd Nts 1997 (Br £Var) - £104¾ (25No92)
National Mutual Group Finance Ld 10% Nts 1993 - £100⅝
National & Provincial Bldg Society 10% Nts 1997 (Br £Var) - £107 (25No92)
National Westminster Bank PLC 14½% Cap Nts 1993 - $A102¼ (23No92)
Nationwide Building Society 11⅞% Nts 1995 (Br £5000&100000) - £107⅝
11¾% Nts 1997 (Br £5000 & 100000) - £110⅞ (24No92)
13.5% Subord Nts 2000 (Br £10000) - £120¾ (20No92)

[illegible]

Allnatt London Properties PLC [illegible]
Alvis PLC 5.5% Cnv Cum Non-Vtg Red Prf £1 - 39 (24No92)
Amber Day Holdings PLC 10[illegible] Prf 99/2002 £1 - 60 (23No92)
American Brands Inc Shs of [illegible] $3.125 - $41.3522 (24No92)
Ameritech Corp Shs of Com [illegible] (24No92)
Anglian Water PLC 5¾% Index-Linked [illegible]
Anglo-Eastern Plantations [illegible] to sub for Ord - 2♦
12½% Uns Ln Stk 95/99 - [illegible] (25No92)
Anglo United PLC Cnv Red [illegible] (23No92)
Antofagasta(Chili)&Bol Rail [illegible]
Asda Property Hldgs PLC 10[illegible] Mtg Deb Stk 2011 - £94 [illegible]
Associated British Engineering [illegible] Cum Prf £1 - 38 (20No92)
Associated British Foods PLC [illegible]
Associated Leisure Hldgs Ld [illegible]
Atlantic Richfield Company [illegible] $2.50 - $109¾ (24No92)
Attwoods PLC ADR (5:1) - [illegible]
Attwoods (Finance) NV 8½p [illegible] Prf 5p - 92 (25No92)
Austin Reed Group PLC Ord [illegible] (23No92)
8% Cum Prf £1 - 70½ [illegible]

[illegible]

Investment Trusts

[illegible]

Fleming Overseas Inv Trust PLC 8% Cum Prf £1 - 48½ (24No92)
Foreign & Colonial Eurotrust PLC 5¼% Cnv Uns Ln Stk 1998 - £235 (23No92)
Foreign & Col Invest Trust PLC 2.6% (Formly 8%) Cum Prf Stk £1 - 49
4½% Perp Deb Stk - £37
7¼% Deb Stk 89/94 - £99¾ (24No92)
Foreign & Colonial PEP Inv Tst PLC Ord 25p - 103
Gartmore Value Investments PLC Zero Dividend Prf 10p - 82
Henderson Strata Investments PLC Warrants to sub for Ord - 81 1
Investors Capital Trust PLC 7¾% Deb Stk [illegible]
Jos Hldgs PLC Cap 10p - 30
Inc 20p - 91 1
Jupiter European Invest Trust PLC Zero Div Prf 1p - 44 ¾
Kleinwort Charter Inv Trust PLC 4% Cum Prf Stk - £55 (25No92)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.K. Liquid Assets Fund - £10 (20No92)
Ptg Red Prf 0.1p Japan Index Fund - $32.1
Lloyds Smaller Co's Inv Tst PLC Dividend Shs 1p - 29½
Capital Shs 1p - 49
London & St Lawrence Investment PLC Ord 5p - 119
Monks Investment Trust PLC 11% Deb Stk 2012 - £111¾ (23No92)
Multitrust PLC Ord 25p - 34 (24No92)
Northern Indust Improv Trust PLC Ord £1 - 373 (24No92)
Paribas French Investment Trust PLC Sers "A" Warrants to sub for Ord - 11
Sers "B" Warrants to sub for Ord - 6
Rights and Issues Inv Trust PLC 5½% Cum Prf £1 - 75 (25No92)
Schroder Korea Fund PLC Ord $0.01 (Reg) - $8 (24No92)
Wts to Sub for Ord (Reg) - $3 ¼ ¾ (23No92)
Wts to Sub for Ord (Br) - $3¾ (23No92)
Scottish American Investment Co PLC 4% [illegible]
Scottish Eastern Inv Trust PLC 4½% Cum Prf Stk - £45¾
[illegible]
12¾% Deb Stk 2012 - £122¾ 5 (20No92)
Scottish Investment Trust PLC 3.5% Cum Prf Stk - [illegible]
4.55% Cum "A" Prf Stk - £65 (20No92)
Scottish Mortgage & Trust PLC 6-12% Stepped Int Deb Stk 2020 - [illegible]
6%-14% Stepped Interest Deb Stk 2020 - £139¾
Scottish National Trust PLC 10% Deb Stk 2011 - £104

Shires High-Yielding Smlr Co's Tst PLC Ord 50p - 58 100
Shires Investment PLC Warrants to sub for Ord - 39
Throgmorton 1000 Smallest Co's Tst PLC Wts to Sub for Ord - 8½
Throgmorton Trust PLC 12 5/16% Deb Stk 2010 - £118¾ (23No92)
Updown Investment Co PLC Ord 25p - 437 (23No92)
Witan Investment Co PLC 8% Deb Stk [illegible]
8½% Deb Stk 2016 - £92 3¾

Miscellaneous Warrants

No. of bargains included 5

Barclays De Zoete Wedd Wts Ld Put Wts (Srs O) Rltg FTSE 100 30/3/93 - £0.13 0.15 (23No92)
Citibank N.A. C PutWtsRelto FT-SE 100 Index 15/12/93 - £0.14 0.15 (23No92)
$/DM 'O' Wts To Sell DM 25/2/94 - $8 [illegible]

USM Appendix

No. of bargains included 412

Apollo Metals PLC 6p(Net) Cum Cnv Red Prf 10p - 114 (24No92)
BLP Group PLC 8p (Net) Cnv Cum Red Prf. 10p - 35 (25No92)
CMW Group PLC Ord 5p - 20
CRP Leisure PLC Ord 5p - 10
Chemex International PLC Ord 1p - 2¾ ⅞ [illegible]
Cooper Clarke Group PLC Ord 50p - 28
Flextech PLC Ord 10p - 72
Gibbs Mew PLC Ord 25p - 180 (24No92)
Great Southern Group PLC 6.75p Cum Cnv Red Prf 5p - 110
Guardian Group PLC Ord 5p - 10 (24No92)
Hughes (T.J) PLC Ord 10p - 87 90 (25No92)
Mid-States PLC Ord 10p - 29½
Midland & Scottish Resources PLC Ord 10p - 18 9½ ⅝‡
Needler Group Ld Com Shs of NPV - 54
Porth Group PLC Ord 20p - 4½
Savage Group PLC 6.5% (Net) Cum Red Cnv Prf £1 - 82 (23No92)
Tepnel Diagnostics PLC Ord 1p - 190 3 5 7 8 [illegible]
Total Systems PLC Ord 5p - 55
Union Square PLC Ord 1p - 3 (20No92)
Verity Group PLC Ord 5p - 9½

Rule 535(2)

No. of bargains included 36

Adnams & Co PLC "B" Ord £1 - £17½ 17¾ (20No92)
Airedale Hldgs PLC "A" Non-Vtg Cnv 1p - £0.000008 (23No92)

[illegible]

Lawrie Group PLC Ord £1 - £18.5 18 (25No92)
Le Riche's Stores Ld Ord £1 - £2.15 2.2 (24No92)
Littlewoods Organisation Ld 12% "B" Cum Prf £1 - £1.385
M&G(Guernsey)Island Gold Fund Inc Units - £13.71
Manx & Overseas Investments Ld Ord 5p - £0.03
Merrett Hldgs PLC Ord 10p - £0.305
Peri Andean Resources PLC Ord 1p - £0.045 (23No92)
Perpetual(Jersey) Offshore Japan Growth Fd - £1.4285 (20No92)
Rangers Football Club PLC Ord 10p - £0.95 1
Regent Inns PLC Ord 25p - £0.7
Scotia Holdings PLC Ord 10p - £6.1 (23No92)
Select Industries PLC Ord 2½p - £0.09 (24No92)
New Ord 7½p(2½p Regd) - £0.0025 (24No92)
Southern Newspapers PLC Ord £1 - £2.7 (23No92)
Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0½ (20No92)
Tadpole Technology PLC Ord 10p - £0.67 0.72 (20No92)
Thwaites(Daniel)& Co PLC Ord 25p - £1.85
Unicorn Inns PLC Ord 25p - £0.44♦

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv A$1.775
Bank of East Asia HK$34 (23/11)
Cape Range Oil A$0.305 (24/11)
Dainippon Screen Mfg. Y559.27
Dynatech Corp £12½ (23/11)
Forest Laboratories $41¾,41.77 (23/11)
Futuris Corp A$0.837 (24/11)
Idaho Power Co $27.081♦ (23/11)
Keystone International $24.279¾ (23/11)
Kalim Malaysia Ord 37 (23/11)
Malaysian Plantations 32♦ (23/11)
National Electronics (Consolidated) 4½ (24/11)
National Resources Exploration A$0.1864
North Flinders Mines 175 (24/11)
Ocean Resources A$0.054285 (20/11)
Oil Search 32 (25/11)
Pancontinental Petroleum $2.4254 (24/11)
Regal Hotels (Hldgs) 5.7½ (23/11)
Storer Communications $K264.75

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FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-Actuaries All-Share Index is calculated by *The Financial Times Limited* in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

LONDON STOCK EXCHANGE

New UK peak as Wall Street returns

By Terry Byland,
UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Nov 16	Nov 30	Dec 14
Option Declarations:		
Nov 26	Dec 10	Dec 30
Last Dealings:		
Nov 27	Dec 11	Dec 31
Account Day:		
Dec 7	Dec 21	Jan 11

*New time dealings may take place from 8.30am two business days earlier.

THE FT-SE INDEX pushed ahead to new peaks yesterday after Wall Street returned from its Thanksgiving holiday in good spirits, apparently signalling satisfaction with the better news on the US economy released earlier this week. The London market turned ahead strongly when the Dow Industrial Average gained 28 points in early trading.

The final reading showed the FT-SE Index at a new closing peak of 2,760.1 for a net gain of 18.3 points. Trading volume increased sharply and the stock market was driven ahead by arbitraging pressure from the stock index market where the December contract came within seven points of 2,800 at one stage.

Some US buyers were seen in the futures sector but UK traders pointed out that yesterday was also the final session of the two week trading account in London, and that some of the buying pressure was speculative.

The market opened quietly, with London evidently waiting for Wall Street to return to business at mid-afternoon UK time. Share prices edged higher but the stock market made little response to a cautious report from the Confederation of British Industry that manufacturing order books had rallied and that a slow recovery in the domestic economy next Spring seemed likely.

But early gains were lost as buyers stayed resolutely on the sidelines and the market was little changed when the first hints of Wall Street's mood reached London.

The rise in the Footsie was dramatic and at best the Index showed a gain of more than 20 points at a new trading high of 2,761.9. Yesterday's rise enabled the Footsie to close with a gain of 27.7 points on the week and of around 2.3 per cent over the two week trading account. Seaq volume jumped to 665.9m shares from the 601.7m of the previous session; Thursday's retail value of equity trading remained high at £1.28bn.

As expected, it was the US-orientated stocks which led the way forward, with Reuters, the global information group standing out strongly.

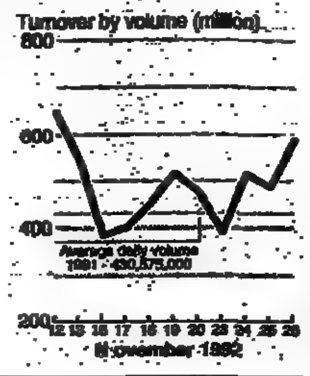
However, oil stocks were restrained by uncertainty over crude oil prices and demand for the pharmaceuticals was selective.

Optimism spread to the domestic consumer stocks, which would respond to a recovery in world economies.

But government bonds fell yesterday, reviving worries about the impact of impending government funding.

● Although restrained by uncertainty in currency markets, equity retail business has remained above last year's average daily levels.

London SE volume



Record high for Reuters

SHARES in Reuters Holdings hit an all-time high yesterday as enthusiasm felt for some time by US investors spilled over into the UK, partly on the prospect of a share split. The electronic trading and news agency group broke through its previous barrier to close 37 up at 1331p on thin turnover.

The US has been buying the stock since an international conference at the end of October removed any lingering doubts. The stock is appealing when set against a Standard & Poors multiple but was beginning to look overvalued to UK fund managers. However, analyst Mr Brian Newman of Henderson Crosthwaite and a long-time bull of the stock said he had been recommending the stock strongly yesterday and that investors were responding to the possibility that the company would announce a one-for-one share split with the figures in February. While a split would make no difference to the fundamental value of the group it would leave the equity more liquid. Mr Henderson also argues that the new electronic dealing products - Dealing 2000-2, Globex and Istinet - were performing well and the group still had the benefit of a cash mountain. Nevertheless, agency broker James Capel, which has taken a bear view for more than a year, argues that the recent UK interest rate cuts will cost the company about £15m.

SmithKline busy

SmithKline Beecham was the most heavily traded stock in the London market yesterday after trustees of the company's Share Ownership Trust bought 14m 'A' shares at 560p per share.

The stock was purchased in connection with the SmithKline Beecham share ownership plan. SmithKline shares closed 12½ firmer in the A's on turnover of 22m. The Units, which tend to represent US interest, rose 9 to 488p.

Savoy strength

A second day's hefty rise in the share price of the Savoy hotel group again centred on the prospect of Forte renewing its interest in the luxury hotel chain. Sources close to Forte said yesterday that, although the two companies may forge closer ties, the share purchase moratorium agreed three years ago would be adhered to.

Speculation has followed the death on Wednesday of Sir Hugh Wontner, the Savoy president and chief adversary of Forte which fought an eight-year battle for control of Savoy. Forte ended the fight with a 42 per cent share of Savoy's voting rights and two seats on the board and, under a peace agreement in 1989, agreed not to buy any more Savoy shares until 1994. But now, with the recent retirement of Lord Forte, the two leading protagonists have left the scene and speculation has been renewed.

Savoy shares surged 108 to 588p, yesterday, although the volume was thought to be tiny. Forte was steady at 173p.

A well-received presentation at County NatWest lifted Thorn EMI, the shares jumping 17 to 833p. Thorn's shares suffered a pre-results savaging as worries over the state of the music market knocked them back. However, impressive results last Tuesday renewed investor interest and Thursday's presentation added to the positive sentiment. Fund managers have been particularly reassured over the potential contribution forecast by Thorn for the Virgin Records group, the subject of disparaging pre-results comment from some quarters.

Tour package group Airtours continued a steady run, adding 4 at 252p, ahead of interims early next month. Rank Organisation ran up 15 to 640p, although turnover was poor.

The oil majors shrugged off volatility in the price of Brent crude which surrounded an OPEC agreement and reflected the strength in the market. Shell firmed 2 to 548p and BP gained 1½ to 231½p.

Glaxo was held back following a meeting between the new finance director and analysts. The meeting was upbeat but there was some realism injected into the prospects for anti-migraine product Imigran. The shares eased 4 to 792p.

Pharmaceutical company Medeva lifted 6 to 224p as it announced that it expected the final quarter of the year to produce a good performance and results to be in line with directors' expectations. The company reported a sharp increase in profits to £26.1m for the nine months to September 30 against £7.8m a year ago.

EC approval of British Airways' purchase of a 49.9 per cent holding in TAT European Airlines of France helped BA shares rise 8 to 279p.

US demand boosted British Steel, the shares climbing 3½ to 57p. Smith New Court was said to be recommending GKN, up 9½ to 402p. Smiths Industries gained 9 to 324p on the news that new Boeing production schedules would safeguard the 737 in which Smiths has a major interest.

A feeling that the recent good performance of Cable & Wireless had been overdone left the shares short of support and they closed 5 off at 670p.

Water and electricity stocks were mostly weak on the back of the move into recovery stocks. In waters, Anglian was one of the worst hit, tumbling 12 to 472p on additional worries over the costs of complying with this week's EC ruling on nitrates. Among other fallers, Yorkshire fell 14 to 516p, South West 10 to 488p and Severn Trent the same to 452p.

US buying on the back of a firm Wall Street helped Grand Metropolitan add 11 to 447p. County NatWest moved to a short-term sell on Bass, the shares ended steady at 588p. Allied Lyons retreated despite news that its joint-venture with Carlsberg had received approval from the UK authorities. Analysts are forecasting flat results in its interims next week. The shares ended a penny lighter at 642p.

Selected food retailers were still buoyant on Thursday's comment from Northern Foods on the potential for food price inflation. Sainsbury jumped 8 to 517p, while rival Tesco gained 9 to 257p. A switch was said to have been recommended into the two from Argyll by UBS Phillips & Drew. Argyll was off 2 at 371p, Northern lost 3 to 276p. Asda's relentless forward march continued, the shares added 3 to 55½p on turnover of 28m. A large buyer of Unilever helped the stock lift 15 to 1072p.

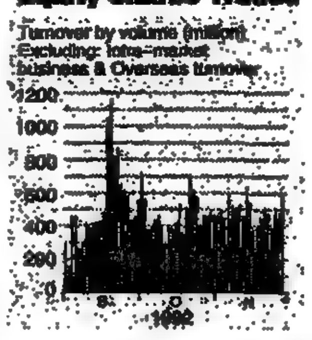
A positive annual statement from Lloyds Chemist sent the shares forward 11 to 252p. Trading was particularly strong in the last 6 weeks, according to the group's chairman and chief executive.

Packaging company Arjo Wiggins Appleton continued weak closing 3 off at 152p after investment bank BZW cut its forecasts for the group. Analyst Mr Tim Rothwell lowered his 1992 profit estimate to £167m and for the following year to £160m from £198m. The house also recommended selling the shares down to 126p arguing that the European carbonless paper business had seen a significant profit reduction over the past two and a half years.

In its weekly review, S.G. Warburg Securities rounded up some of the recent evidence that it has identified of revival in the domestic economy. It believes that the recent stimulus to the UK economy should be sufficient to generate "an anaemic recovery", resulting in GDP growth of 1¼ per cent in 1993, compared with the consensus forecast of 1 per cent growth.

FT-A All-Share Index

Equity Shares Traded



MARKET REPORTERS:
Peter John,
Christopher Price.

■ Other market statistics, Page 5.

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (71).
BANKS (4) Abbey Natl., Dai Ichi, Mitsubishi, Sumitomo, BUILDING MATERIALS (1) Wolseley, BUSINESS SERVICES (3) Chubb Sec., Hays, Rentokil, CHEMICALS (3) Allied Colloids, BOC, Halstead (J), ELECTRONICS (4) Micro Focus, Mitel, Racal Elect., Rodime, ENGINEERING GENERAL (1) FKI, FOOD RETAILING (3) ASDA, Morrison (Wm) 5¼pc Pf., Sainsbury, INSURANCE COMPOSITE (3) Comm. Union, GRE, Gen. Accident, INSURANCE LIFE (3) Prudential, Refuge, Trans. 8 8pc Pf., INVESTMENT TRUSTS (25) American, British Assets, Broadgate, Drayton Recovery Pfd. Growth, Fleming Amer., GT Venture, Govett Amer. Smaller Co's., I & S Opt. Inc. Zero Div. Pf., Law Debenture, Majedie, Malaysian Emerging Co's Fd., Monks, Murray Ent., Murray Inc. B, Overseas, Robeco, Do. Sub., SHIRESCOT, Scot. Value, Second Alliance, Select Assets Ln., Do. Ser. II, US Smaller Co's. Warrants, Value & Inc., Venturi Geared, MEDIA (4) News Corp., Reuters, Sterling Pub., Utd. News., MOTORS (1) First Tech., OTHER FINANCIAL (3) Caledonia Invs., Invesco MIM Sec 1995-2000, Perpetual, PACKAGING, PAPER & PRINTING (2) Bowater 7¼pc Pf., Carnaud Metalbox, STORES (2) MFI Furn., Oriflame, TELEPHONE NETWORKS (3) Brit. Telecom, Do. P/P, Cable & Wire., TEXTILES (4) Dewhirst, Leeds, Shaw, Toray, TRANSPORT (1) Powell Duffryn, MINES (1) Anglo-Dominion.
NEW LOWS (28).
BRITISH FUNDS (1) Treas. 8pc 2009 A, BUILDING MATERIALS (1) Ransom, BUSINESS SERVICES (2) Dart, EW Fact, CHEMICALS (2) Harlow, ICI, CONTRACTING & CONSTRUCTION (5) Green (E) & Part., Prowting, ELECTRONICS (3) Grasby, Kewill Systems, Molynx, ENGINEERING AEROSPACE (1) UMECO, ENGINEERING GENERAL (1) Hopgood, HOTELS & LEISURE (1) Hi-Tec Sports, INVESTMENT TRUSTS (1) JF Fledgeling Warrants, MEDIA (2) Lopex, VTR, MOTORS (2) Alexanders, Perry, OIL & GAS (1) Lasmo Ops, OTHER FINANCIAL (1) Aberdeen, PROPERTY (1) Derwent Valley, STORES (1) Stylo, TEXTILES (2) Campari, Shiloh, MINES (1) Reunion.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	1	71	7	65	299	71
Other Fixed Interest	0	12	3	14	31	30
Commercial, Industrial	282	226	914	1,298	1,224	4,584
Financial & Property	217	79	507	854	488	2,673
Oil & Gas	10	20	55	74	83	264
Plantations	0	0	9	3	2	40
Mines	33	14	94	157	110	450
Others	18	5	93	201	138	240
Totals	561	427	1,682	2,666	2,335	8,352

FT-SE Actuaries Share Indices — THE UK SERIES

	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2760.1	2741.8	2709.6	2727.1	2722.9	2414.9	2760.1	2281.0	2760.1 (27/11/92)	986.9 (23/7/84)
FT-SE Mid 250	2627.8	2618.8	2611.1	2619.0	2624.2	2370.4	2825.8	2157.8	2825.8 (20/5/92)	1379.4 (21/1/86)
FT-SE-A 350	1331.5	1323.5	1310.3	1317.9	1316.8	1172.7	1342.7	1103.1	1342.7 (11/5/92)	664.5 (14/1/86)

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/Day	Low/Day
FT-SE 100	2747.1	2743.7	2740.6	2743.8	2739.0	2740.2	2740.6	2750.1	2760.1	2761.9	2739.0
FT-SE Mid 250	2619.6	2619.2	2619.1	2618.2	2610.2	2617.0	2617.3	2621.0	2626.7	2627.7	2616.2
FT-SE-A 350	1325.7	1324.3	1323.1	1324.2	1321.8	1322.7	1322.9	1327.0	1331.4	1332.0	1321.8

Gross dividend yield (ACT at 25%) FT-SE 100 4.38%

FINANCIAL TIMES EQUITY INDICES

	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago	* High	* Low
Ordinary share	2077.4	2056.0	2033.1	2040.1	2034.3	1831.5	2149.7	1670.0
Ord. div. yield	4.47	4.52	4.55	4.53	4.54	5.06	5.34	4.24
Earning yld % full	6.12	6.18	6.31	6.28	6.34	7.52	-	-
P/E ratio net	20.80	20.68	20.20	20.29	20.10	16.72	20.90	15.79
P/E ratio nil	19.23	19.05	18.65	18.73	18.56	15.76	-	-
Gold Mines	68.8	66.7	64.4	63.0	63.3	170.9	180.6	63.0

*for 1992 Ordinary share index since compilation, high 2149.7 22/6/92 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83- low 43.5 26/10/71 Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share Hourly Changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/Day	Low/Day
2058.8	2054.8	2053.5	2055.5	2054.1	2055.9	2057.7	2067.0	2076.7	2077.4	2052.5

Volume	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Year ago
SEAQ Bargains	34,656	26,987	23,076	24,334	27,253	23,180
Equity Turnover(£m)†	-	1281.7	1135.1	1219.0	855.2	637.93
Equity Bargains†	-	30,850	28,679	32,378	26,299	22,434
Shares traded (mil)†	-	589.2	487.9	511.7	393.8	307.5

† Excluding intra-market business and overseas turnover.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	18	483		Comm. Union	1,100	614	+6	Lonrho	3,100	77	+3	Shell Transport	2,800	548	+2
ASDA Group	2,600	55½	+3	Cookson	8,400	189	+1	Lucas	1,800	121½	+2½	Siebe	1,700	388	-3
Abbey National	1,800	324	+6	Courtaulds	1,000	539	+3	MB Caradon	2,600	282	+2	Slough Ests	283	140	-1
Albert Fisher	8,400	65		Dalgety	730	480		MEPC	446	338	+6	Smith (W.H.) A	495	485	+5
Allied-Lyons	1,080	642	-1	De La Rue	580	833	+5	Manweb	119	465	-7	Smith & Nephew	1,400	168½	+1½
Amstrad	934	28		Dixons	1,500	343	+4	Marks & Spencer	3,800	328	+1	SmKl Beecham	22,000	554½	+12½
Anglian Water	1,800	472	-12	Eastern Elect.	668	402	-2	Midlands Elect.	720	451	-8	SmKl Beecham Uts	4,100	488	+9
Argos	464	271	-2	East Midland Elec.	380	408	-4	NFC	2,200	277		Smiths Inds.	812	324	+9
Argyll Group	4,800	371	-2	Eng China Clays	1,000	438	+5	NatWest Bank	1,800	381	+2	Southern Elect.	341	438	-4
Arjo Wiggins	1,800	152	-3	Enterprise Oil	1,000	455	-1	National Power	4,200	262	+1½	South Wales Elect.	117	487	-10
Ass. Brit. Foods	634	487	+3	Eurotunnel Units	125	365	-3	Next	1,400	127½	+1	South West Water	420	488	-10
Ass. Brit. Ports	881	318	+3	FKI	3,100	97	+½	North West Water	1,600	477	-7½	South West. Elect.	399	445	-7
BAA	1,800	785	+8	Fisons	1,500	210	+1	Northern Elect.	74	450	-10	Southern Water	1,600	453	-10
BAT Inds.	2,400	858	-2	Forte	1,700	173		Northern Foods	1,700	276	-3	Standard Chartd.	584	587	-9
BET	4,700	86	+3	Gen. Accident	1,700	580	+7	Norweb	575	450	-7	Storehouse	10,000	190	+2
BICC	1,800	[illegible]	+4	General Elect.	1,800	285	-½	Pearson	1,500	361	+14	Sun Alliance	1,900	344	-2
BOC	511	756	-1	Glaxo	3,800	792	-4	P & O	2,800	479	-9	T&N	3,400	156	-1
BP	7,800	231½	+1½	Glynwed Intl.	180	275	-1	Pilkington	430	73½	+1½	TI Group	1,800	379	+1
BPB Inds.	1,300	172		Granada	3,800	298	+8	PowerGen	4,500	281	+4½	TSB	2,900	138	+1
BT	3,400	408	+2½	Grand Met.	4,400	447	+11	Prudential	2,600	284	-1	Tarmac	7,300	87	-2
BT New	8,300	304	+3	GUS A	715	1504	+9	RHM	2,600	380	+2½	Tate & Lyle	3,000	380	+11
BTR	3,700	500	+2	GRE	9,600	182	+2½	RMC	241	471	-7	Taylor Woodrow	409	87	+1
Bank of Scotland	1,800	114	+1	GKN	2,800	402	+9½	RTZ	1,400	619	+16	Tesco	6,800	257	+9
Barclays	3,200	373	+7	Guinness	1,900	620	-1	Racal	1,200	167		Thames Water	1,200	482	-7
Bass	3,800	588		HSBC (75p shs)	4,400	533	+8	Rank Org	895	640	+15	Thorn EMI	1,400	833	+17
Berisford Int.	3,300	18½	+½	Hammerson "A"	105	234	-4	Reckitt & Colman	534	603	-2	Tomkins	11,000	229	+7
Blue Circle	2,700	171	+1	Hanson	8,200	235½	+3¼	Redland	2,300	340	+4	Trafalgar House	3,700	84	+7½
Booker	88	348	+2	Hanson Warrants	4,800	18½	+1¼	Reed Intl	3,800	598	+9	Unigate	1,100	358	+4
Boots	1,800	511	+7	Harrisons Crosfield	733	141	+2	Rentokil	594	201		Unilever	1,300	1072	+15
Bowater	1,000	445	+6	Hillsdown	1,800	109	+1	Reuters	895	1331	+37	United Biscuits	684	398	+5
Brit. Aerospace	1,800	134	+5	IMI	838	237		Rolls Royce	2,800	95	+½	Utd. Newspapers	58	481	+4
British Airways	4,800	279	+8	ICI	1,700	881		Rothmans	446	698	+7	Vodafone	3,100	399	+3½
British Gas	8,800	276½	-2	Inchcape	1,300	503	+8	Ryl Bk Scotland	3,800	186	-1	Warburg (SG)	341	477	-1
British Land	1,300	182	+4	Kingfisher	1,500	579	+5	Royal Insurance	4,500	282	+6	Wellcome	1,000	1035	+3
British Steel	8,300	57	+3½	Kwik Save	1,400	744	-4	Saatchi	698	142		Welsh Water	397	512	-14
Bunzl	1,800	187	+2	Ladbroke	4,200	181		Sainsbury	3,800	517	+8	Wessex Water	88	554	-9
Burmah Castrol	654	649	+6	Land Securities	885	425	+2	Scottish & New.	1,100	427	-3	Whitbread 'A'	461	458	+4
Burton	3,400	64½	-½	Laporte	414	809	+5	Scot. Hydro-Elect.	2,800	233	+3	Williams Hldgs.	6,700	317	+8
Cable & Wire.	4,300	670	-5	Legal & General	1,100	408	-2	Scottish Power	1,100	271	+3	Willis Corroon	1,600	180	+2
Cadbury Schweppes	2,300	444	-1	Lloyds Abbey	53	388	-2	Sears	2,100	82½	+½	Wimpey	63	104	-1
Calor Group	143	229		Lloyds Bank	1,400	500	+4	Sedgwick	2,900	146	-5	Wolseley	1,300	608	+18
Carlton Comms.	477	719		LASMO	7,800	182	-3	Seeboard	189	448	+2	Yorkshire Elect.	789	477	-8
Coats Viyella	5,000	206	+1	London Elect.	806	437	-4	Severn Trent Water	1,400	452	-10	Yorkshire Water	153	516	-14

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

HEAVY TRADING in derivatives markets played a leading role in driving the London stock market ahead yesterday, writes Terry Byland.

Buyers flooded into stock index futures when Wall Street came back from Thanksgiving Day sending the December contract sharply higher.

At best the December contract was at 2,793. By the close, the contract stood at 2,785, a premium of 30 against cash and about 20 on the fair value premium, which allows for dividend flows and carrying costs. There was heavy arbitraging between cash and futures. The contract traded 7,786 contracts.

However, traders warned that some of the dealing reflected position closing and speculation ahead of the end of the equity trading account. In the new account which opens on Monday fair value premium will shrink to around 5 points.

Turnover in traded options, however, slipped to 24,489 contracts from 25,759 on Thursday. United Biscuits was the top traded stock option with 2,185 contracts.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.9399	+0.067	8.78	8.91	9.00
BELGIUM		8.750	06/02	104.7500	+0.170	8.01	8.03	8.13
CANADA *		8.500	04/02	103.2000	-0.100	8.00	8.00	7.86
DENMARK		9.000	11/00	100.2500	+0.150	8.95	8.87	8.76
FRANCE	BTAN	8.500	03/97	101.1688	-0.036	8.14	8.02	8.09
	OAT	8.500	11/02	101.8650	-0.010	8.22	8.10	8.15
GERMANY		8.000	07/02	104.1700	-0.150	7.37	7.35	7.34
ITALY		12.000	05/02	94.3900	+0.025	13.47†	13.45	13.60
JAPAN	No 119	4.800	06/99	101.5460	-0.001	4.48	4.53	4.66
	No 145	5.500	03/02	105.5930	-0.072	4.63	4.66	4.73
NETHERLANDS		8.250	08/02	106.0400	-0.260	7.48	7.46	7.55
SPAIN		10.300	06/02	87.2000	-0.250	12.65	12.44	12.32
UK GILTS		10.000	11/98	108-30	-6/32	7.39	7.17	7.03
		9.750	08/02	108-17	-13/32	8.45	8.38	8.16
		9.000	10/08	101-20	-14/32	8.81	8.75	8.66
US TREASURY *		6.375	08/02	96-18	-6/32	6.86	6.84	6.75
		7.625	11/22	100-23	-8/32	7.56	7.54	7.55
ECU (French Govt)		8.500	03/02	97.8950	-0.110	8.84	8.64	8.77

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday November 27 1992

Water	+	45.99	Consumer Group	+	7.13
Banks	+	37.81	Capital Goods	+	5.55
Electronics	+	29.79	Brewers & Distillers	+	4.26
Food Retailing	+	27.84	Packaging, Paper & Printing	+	2.92
Electricity	+	26.08	Business Services	+	2.85
Insurance (Composite)	+	22.01	Food Manufacturing	+	2.81
Other Industrials	+	21.53	Merchant Banks	+	1.26
Media	+	20.66	Engineering-General	-	0.46
Telephone Networks	+	19.74	Health & Household	-	0.61
Financial Group	+	18.42	Hotels & Leisure	-	1.13
Other Groups	+	17.38	Oil & Gas	-	2.95
Textiles	+	16.16	Chemicals	-	4.72
Insurance (Life)	+	15.06	Metals & Metal Forming	-	4.77
Stores	+	13.96	Electricals	-	5.47
Motors	+	12.67	Building Materials	-	14.01
Transport	+	12.61	Property	-	21.42
Industrial Group	+	10.10	Engineering-Aerospace	-	22.56
All-Share Index	+	9.83	Contracting, Construction	-	25.36
Investment Trusts	+	9.05	Insurance Brokers	-	28.80
500 Share Index	+	8.54	Gold Mines Index	-	50.11
Conglomerates	+	8.34			

COMMODITIES

WEEK IN THE MARKETS

Smelter closure boosts aluminium

TAJIKISTAN WAS the word on every aluminium trader's lips this week as their market climbed to the highest level since mid-October.

Until two years ago few London Metal Exchange traders had even heard of the small Soviet republic just to the north of the Hindu Kush. But since the collapse of the Soviet Union it had become something of a dirty word on the exchange as a major contributor to the flood of CIS aluminium in which the western market was floundering.

This week, however, it was rumoured, reported, denied and finally confirmed that production at the republic's giant Regar smelter had ground to a virtual halt because of a lack of raw materials. The smelter, which has a nominal capacity of 520,000 tonnes a year, produced 370,000 tonnes of metal last year, virtually all of it going to swell exports to the west, which are estimated to have totalled between 800,000 and 1m tonnes.

A month ago output had been cut to an annual rate of 200,000 tonnes because of a dispute about ownership, which dried up money for spare parts and shut down two of the three anode lines.

What appears to have been the final blow was the cutting of rail links between Russia and Tajikistan, which is troubled by increasingly violent ethnic disputes. Russia has been the sole source of alumina (aluminium oxide) for the smelter since Azerbaijan cut off supplies some time ago, complaining that no aluminium was being shipped back in payment.

A National Security Committee (formerly the KGB) official had a similar explanation for the loss of Russian supplies. He told the Reuter news agency that alumina shipments had been halted "because of overdue debts". That prompted analyst Nick Moore to comment in yesterday's issue of Ord Minnett's Daily Metal Market Monitor: "One cannot help but wonder just how many of the other 14 [CIS] smelters are in a similar position". He also recalled a speaker at the Oslo Aluminium Conference in September saying that "no-one pays any bills in Russia anymore".

Mr Moore calculated that the drying up of Tajik supplies was equivalent to western aluminium demand growing by more than 2 per cent. "Now that's worth having," he said.

The market response was more cautious, understandably perhaps, in view of the long term problems of the aluminium sector. The three months price on the LME climbed to $1,222 a tonne at one point, before closing yesterday at $1,219.50 a tonne, up $33 on the week.

Copper was another strong market as base metals traders responded to constructive US economic data. The three months price yesterday broke through resistance at the equivalent of $2,190 a tonne to close at £1,474.25 a tonne up £30 on the day and £43.75 on the week.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+6,825	to 1,456,075
Copper	+2,075	to 351,000
Lead	-925	to 197,025
Nickel	+810	to 62,676
Zinc	-1,525	to 377,275
Tin	+185	to 14,645

Nickel continued the rally that began in the middle of last week with three months metal gaining another $597.50 to $6,075 a tonne. Dealers said Chinese buying encouraged the rise, and added that there was talk of production cuts in Australia and the Dominican Republic.

Zinc's upturn was also maintained, with the LME's three months position rising $71 on the week to $1,138.50 a tonne. The market found good buying support after absorbing stop-loss selling early in the week and was later underpinned by renewed trade buying, which touched off covering purchases against short positions and triggered stop-loss buying orders.

At the London Futures and Options Exchange the opening of a fresh round of talks in London on negotiating an international coffee agreement with price-stabilisation mechanisms did little for market sentiment. As the meeting got under way London's robusta coffee prices went into a gentle slide that took the January futures position down from $968 at the end of last week $938 on Wednesday.

The market then picked up a little, for no apparent reason, before getting some encouragement yesterday from reports of modest progress at the producer-consumer talks, and the January price ended the week only $12 down on balance at $956 a tonne.

The talks, which are to continue through to next Wednesday, have concentrated so far chiefly on the issue of "selectivity" – allowing producers to choose in what proportions the various types of coffee should be allowed on to the market under an export quota scheme. Delegates are also considering the problem of dealing with under-shipment and declared shortfalls against quota allocations.

Richard Mooney

LEGAL NOTICES

In the High Court of Justice, Chancery Division No. 00[illegible]1196 of 1992
IN THE MATTER OF
STANDARD CHARTERED LEASING COMPANY LIMITED
AND
IN THE MATTER OF
THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that a Petition was on 11 November 1992 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Capital of the above-named Company from £2,000,000 to £510,000.
AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday 9 December 1992.
ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned solicitors on payment of the regulated charge for same.
Dated this 25th day of November 1992.
Berwin Leighton, Adelaide House, London Bridge, London EC4R 9HA, Ref: R.
Solicitors for the above-named Company

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
31 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
AIB Grofund American	5	142.4	154.1xd	162.3	+1.60	0.66
AIB Grofund Equity	5	192.9	195.5	206.9	+0.40	2.00
AIB Grofund Euro	5	142.7	144.8	152.4	+0.80	0.97
AIB Grofund Exc Ethical	3	96.00	97.60	100.7	+0.40	0.00
AIB Grofund Gilt	3	74.76	74.76	77.10	-0.09	5.90
AIB Grofund Japan	6	124.8	126.3xd	132.9	+1.30	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corporation St, Coventry 0203 553231

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
General Inc	5	387.3	389.3	414.2	+0.7	3.08
General Acc	5	421.6	424.0	451.1	+0.7	3.08
UK Growth Acc	6	282.7	287.0xd	305.4	+0.2	3.50
UK Growth Inc	6	202.7	205.7xd	218.9	+0.1	3.50
Higher Inc Acc	6	484.3	492.3xd	523.8	-1.0	4.92
Higher Inc Inc	6	298.8	303.7xd	323.1	-0.6	4.92
Gilts/Fxd Int Acc	5½	166.5	166.5	175.9	-0.2	6.87
Gilts/Fxd Int Inc	5½	89.73	89.73	94.78	-0.08	6.87
Nth America	6	250.4	255.5xd	271.9	+2.3	0.08
Far East	6	237.9	240.0xd	255.4	+5.4	0.72
Europe	6	195.9	197.4	210.1	+0.4	0.71
Brit Ecoll	6	58.06	58.06xd	61.77	-0.02	1.92
Brit Friends Acc	6	73.96	73.96	78.68	-0.42	5.73
Brit Friends Inc	6	58.06	58.06	61.77	-0.32	5.73
Global Opps	6	61.60	62.51xd	66.50	+0.61	0.00

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
Gilts & Fixed Int	6	127.7	127.7	135.3	-0.2	7.62
High Inc Equity	6	128.4	131.1xd	139.4	+0.6	5.18
Worldwide Bond	6	256.8	256.0xd	272.1	+2.1	4.58
American Growth	6	264.3	264.3	282.6	+3.2	.71
Asian Pacific	6	184.9	190.6	202.7	+3.7	1.12
Assets & Earnings	6	194.3	198.6xd	211.2	+1.5	3.90
Capital Reserve Acc	0	123.9	123.9	124.1		5.99
Capital Reserve Inc	0	91.64	91.64	91.82	-0.01	5.99
Comdty & Energy	6	63.12	63.12	67.50	+0.62	1.23
1992 Enterprise	6	67.80	67.80	72.51	+0.25	2.97
Euro Capital Acc	6	96.97	96.97	103.7	+0.7	1.66
Euro Capital Inc	6	91.89	91.89	98.27	+0.68	1.66
General	6	176.9	176.9	189.1	+1.7	3.03
Japan	6	86.77	86.77xd	92.80	+1.08	–

MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd, Worthing
Dealing: 0277 261010 Enq: 0903 204631

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The maximum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time at which the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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Sharp (Albert E.) & Co (1000)F
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex.
Enquiries. 0277 227300 Dealing: 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Intl Bond & Conv	5	117.20	117.50	125.78	+0.30	6.14
Pooled Pension ‡	3½	£137.4	141.8	146.7	..	–
Smaller Cos	5	50.59	52.46	55.22	+0.18	2.55
UK General	5	111.10	112.80	118.70	+0.70	2.76

Sheppards Unit Trust Mngmt Ltd (1200)F
1 White Hart Yard, London Bridge SE1 071 407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	358.85	358.85	380.38	-1.09	5.42
Global Inc	5	51.00	51.00	54.06	+0.02	4.50
Brit Leaders	5	303.62	303.62	321.84	-0.12	3.17
Intl Leaders	5	165.35	165.35	175.27	+0.87	1.87
P Am Min Bal Gwth Acc ‡	3½	48.43	49.48	51.41	+0.07	3.31
P Am Min Bal Gwth Inc ‡	3½	48.43	49.48	51.41	+0.07	3.31

Singer & Friedlander UT Mgmt Ltd (1800)F
PO Box 224, Beckenham, BR3 4TF 081-663 3003

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Trust	6	46.43	46.55	49.52	+0.33	1.60
Far Eastern Tst	6	52.84	53.39	56.80	+0.75	0.86
Smaller Cos	5	110.4	115.4	122.7	+0.4	3.00

Whittingdale Unit Tst Mgmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT 071-600 0462

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Challenger	2½	88.02	88.02	90.07	+0.49	0.00
Short Dtd Gilt	1½	106.3	106.3	107.7	-0.28	1.93
U.S. Govt Bond	1½	$0.6991	0.6991	0.7083	[illegible]	0.00
Gilt Income	4	51.12	51.12	53.19	-0.09	8.68
Gilt Growth	4	62.85	62.85	65.43	-0.16	0.00
City Reserve	0	55.20	55.20	56.20	+0.02	7.88

Woolwich Unit Trust Managers Ltd (1700)H
1 White Oak Square, Swanley BR8 7AG 0705 388046

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stockmarket Fd F	5	60.63	60.84	64.72	+0.47	2.55

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Int I Exst Nov 18	646.8	669.6	....	1.04

Baring Investment Mngmt Ltd
071 214 1050 (general enquiries) 071 214 1004 (dealing)
Charitable Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Growth & Income	50.12	51.91	+0.34	4.8
Income Plus	48.40	49.35	-0.21	7.5

James Capel Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Exempt	£122.46	128.50	+0.352	4.30

Cent. Bd. of Fin. of Church of England‡‡
2 Fore Street, London EC2Y 5AQ 071-588 1815

	Bid Price	Offer Price	+ or -	Yield Gross
Inv Fund Oct 31	544.70	548.30	....	5.40
Fxd Int Sec Oct 31	151.40	152.18	....	9.93

Deposit Fund: See Money Market Trust Funds.

INSURANCES

Continued on next page

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MANAGEMENT SERVICES

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OFFSHORE AND OVERSEAS

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GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

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JERSEY (REGULATED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (2:00 pm close)

[illegible]

AUSTRIA / BELGIUM/LUXEMBOURG / CANADA (3 pm) / DENMARK / FINLAND / FRANCE / GERMANY / ITALY / NETHERLANDS / NORWAY / SPAIN / SWEDEN / SWITZERLAND / SOUTH AFRICA / AUSTRALIA / HONG KONG / MALAYSIA / SINGAPORE / JAPAN

[illegible]

INDICES

NEW YORK

DOW JONES	Nov 25	Nov 24	Nov 23	Nov 20	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3266.26	3248.70	3223.04	3227.36	3413.21 (1/6)	3136.58 (9/10)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.22	102.31	102.32	102.15	103.20 (18/9)	98.41 (20/3)	103.20 (18/9/92)	54.99 (1/10/81)
Transport	1404.89	1387.36	1365.40	1389.96	1467.68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.01	218.20	218.64	219.02	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl Day's High 3285.71 (3277.88) Low 3243.57 (3209.26) (Theoretical)♦
Day's High 3269.23 (3265.72) Low 3247.08 (3220.60) (Actual)♦

STANDARD AND POOR'S

	Nov 25	Nov 24	Nov 23	Nov 20	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite †	429.19	427.59	425.12	426.65	429.19 (25/11)	394.50 (8/4)	429.19 (25/11/92)	4.40 (1/6/32)
Industrials	503.04	501.57	498.50	500.48	503.30 (14/9)	470.91 (8/4)	503.30 (14/9/92)	3.62 (21/6/32)
Financial	38.97	38.45	38.23	38.21	38.97 (25/11)	32.40 (8/4)	38.97 (25/11/92)	8.64 (1/10/74)
NYSE Composite	236.13	235.27	234.11	234.78	236.13 (25/11)	217.92 (8/4)	236.13 (25/11/92)	4.46 (25/4/42)
Amex Mkt. Value	392.88	391.53	390.74	392.19	418.99 (12/2)	364.85 (9/10)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	648.33	645.94	638.84	642.60	648.33 (25/11)	547.84 (26/6)	648.33 (25/11/92)	54.87 (31/10/72)

	Nov 20	Nov 13	Nov 6	year ago (approx.)
Dow Industrial Div. Yield	3.19	3.17	3.20	3.15

	Nov 18	Nov 11	Nov 4	year ago (approx.)
S & P Industrial div. yield	2.65	2.65	2.68	2.67
S & P Indl P/E ratio	27.71	27.72	27.31	22.04

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Westinghse Elec	4,834,600	12½	+ 1½
Glaxo	3,599,700	24	- ¼
Brit Pete	2,678,900	42½	- ¼
Tenneco	2,337,700	33½	+ ¼
BankAmerica	2,283,300	45¼	+ 2¼
Syntex	2,193,900	23½	- 1¼
Gen Motors	2,125,000	31⅞	+ ⅛
Texas Utilities	1,971,600	42¼	- ⅛
Gap Inc Del	1,820,300	36¾	- 1½
IBM	1,788,700	65½	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Nov 25	Nov 24	Nov 23
New York SE	206.700	241.520	190.490
Amex	16.439	18.901	13.532
NASDAQ	222.266	244.923	208.137
NYSE			
Issues Traded	2,362	2,386	2,379
Rises	1,049	1,124	814
Falls	755	704	958
Unchanged	558	558	607
New Highs	110	120	80
New Lows	20	28	39

CANADA

TORONTO	Nov 26	Nov 25	Nov 24	Nov 23	1992 HIGH	1992 LOW
Metals & Minerals	2698.33	2613.33	2579.06	2570.58	3238.87 (16/1)	2529.91 (17/11)
Composite	3272.20	3260.40	3259.30	3258.30	3666.00 (16/1)	3195.40 (14/10)
MONTREAL Portfolio	1740.60	1729.96	1734.44	1732.37	1937.59 (16/1)	1665.16 (14/10)

Base values of all indices are 100 except NYSE All Common – 50, Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Nov 27	Nov 26	Nov 25	Nov 24	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1450.8	1450.9	1459.2	1450.2	1684.50 (22/5)	1357.20 (16/11)
All Mining (1/1/80)	571.4	578.9	584.8	582.7	726.80 (3/7)	545.40 (16/11)
AUSTRIA						
Credit Aktien (30/12/84)	314.40	314.81	316.56	316.71	458.57 (24/2)	291.41 (13/8)
Traded Index (2/1/91)	761.22	764.33	768.58	769.64	1099.43 (24/2)	682.96 (13/8)
BELGIUM						
BEL20 (1/1/91)	1125.36	1129.63	1130.22	1131.19	1228.40 (2/6)	1046.07 (2/9)
DENMARK						
Copenhagen SE (3/1/83)	261.49	261.74	259.83	257.44	368.29 (15/1)	250.42 (28/10)
FINLAND						
HEX General (28/12/90)	849.8	856.7	850.4	810.1	935.90 (24/2)	541.00 (7/9)
FRANCE						
CAC General (31/12/81)	463.13	459.57	461.49	451.67	555.93 (12/5)	441.70 (7/10)
CAC 40 (31/12/87)	1749.66	1739.68	1720.97	1720.61	2077.49 (11/5)	1611.04 (5/10)
GERMANY						
FAZ Aktien (31/12/58)	599.41	601.12	590.69	597.72	725.26 (26/5)	565.61 (12/10)
Commerzbank (1/12/53)	1695.1	1700.4	1695.7	1689.6	2043.80 (25/5)	1594.60 (12/10)
DAX (30/12/87)	1522.95	1523.18	1517.72	1510.28	1811.57 (25/5)	1420.30 (6/10)
HONG KONG						
Hang Seng Bank (31/7/64)	5986.67	5913.18	5918.54	5972.52	6447.11 (12/11)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1197.38	1194.92	1193.90	1156.86	1469.57 (17/1)	1094.88 (19/10)
ITALY						
Banca Com. Ital. (1972)	442.58	442.63	446.80	446.45	551.59 (6/2)	354.93 (16/9)
MIB General (2/1/92)	872.0	870.0	878.0	877.0	1086.00 (5/2)	696.00 (16/9)
JAPAN						
Nikkei (16/5/49)	17470.61	17479.04	17302.01	17096.89	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1307.54	1303.06	1294.14	1281.89	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1651.26	1642.55	1624.86	1613.24	2459.83 (6/1)	1502.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	640.48	638.79	641.84	642.08	660.35 (5/11)	546.63 (14/1)
NETHERLANDS						
CBS Ttl Rtn Gen (End 1983)	287.6	287.6	286.7	286.2	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	193.6	193.6	193.0	192.7	215.50 (26/5)	189.70 (25/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	626.69	634.72	628.9	614.31	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	1263.58	1263.69	1281.18	1291.68	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	380.30	377.11	372.86	372.47	416.99 (21/1)	351.41 (21/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	837.0ψ	812.0	798.0	773.0	1327.00 (21/1)	746.00 (10/11)
JSE Industrial (28/9/78)	4142.0ψ	4094.0	4056.0	4076.0	4689.00 (4/6)	3936.00 (19/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	650.85	660.94	652.47	655.05	691.48 (8/2)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	215.29	214.77	211.94	210.22	266.51 (28/2)	179.48 (5/10)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	885.2	862.5	866.0	841.3	1014.50 (11/5)	639.00 (5/10)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	850.0	841.9	837.4	835.3	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	632.8	626.2	624.4	624.3	682.30 (11/5)	596.40 (26/8)
TAIWAN**						
Weighted Price (30/6/66)	3681.94	3676.56	3673.51	3687.22	5391.63 (30/1)	3351.63 (26/9)
THAILAND						
Bangkok SET (30/4/75)	869.49	858.24	847.33	859.43	963.03 (5/11)	667.84 (19/5)
WORLD						
M.S. Capital Intl (1/1/70) ($)	491.7*	491.0	490.1	486.4	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	852.65	848.83	846.25	845.30	976.55 (25/5)	772.52 (5/10)

** Saturday November 21: Taiwan Weighted Price: 3,711.71, Korea Comp Ex. 654.08.
ψ Subject to official recalculation. *Calculated at 15.00 GMT

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

Price data supplied by Telekurs.

WORLD STOCK MARKETS

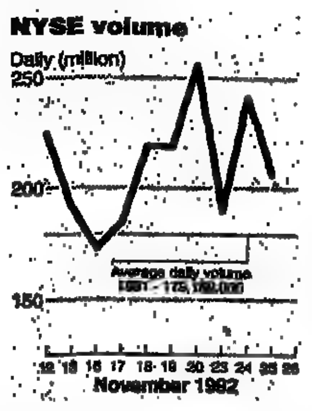
AMERICA

Optimism lifts Dow in light trading

Wall Street

US STOCK markets continued to make strong advances amid mounting optimism about the economy, although trading volume was light because of the Thanksgiving holiday weekend, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up



24.86 at 3,291.12, its highest point since mid-September. The more broadly based Standard & Poor's 500, meanwhile, was up 2.14 at 481.33, another all-time high. The Amex composite index rose 0.23 to 393.11, while the Nasdaq composite rose 1.52 to 629.85, a new record high. Turnover on the NYSE was light at 86m shares by 1 pm, while rises outpaced declines by a ratio of almost two to one.

Many participants extended the Thanksgiving holiday yesterday and stayed away from the market, but there was enough follow-through buying from earlier in the week to help share prices make strong gains.

Investors are feeling more positive about the economy every day, and in the wake of Tuesday and Wednesday's promising numbers on GDP, consumer confidence and big-ticket factory orders, came more good news in the shape of a 1.0 per cent rise in personal income and a 0.7 per cent rise in personal spending for October.

Although the figures depressed the Treasury market – the benchmark 30-year government issue was down [illegible] at 100[illegible], yielding 7.590 per cent by 1 pm – the rise in bond yields did not upset equities.

Among individual stocks, blue chips were mostly higher. IBM rose $⅝ to $65⅝, Merck put on $⅜ at $45⅞, Philip Morris firmed $⅝ to $79⅞, Du Pont climbed $1⅛ to $47¾ and Caterpillar rose $¾ to $54⅝.

Transportation stocks, which are expected to benefit from increased economic activity, were in demand, and airlines led the way. AMR, parent of American Airlines, rose $1⅛ to $64¼, Delta climbed $⅜ to $52⅞ and UAL added $⅞ at $120⅞. USAir was the exception, easing $⅛ to $13.

On the Nasdaq market, Ohio Bancorp surged $4¼ or 16 per cent to $30¼ on the news that the banking group is in take-over talks.

Canada

TORONTO slipped from earlier highs on weakness in the Canadian dollar and at midday the TSE-300 index stood 2.3 higher at 3,274.5 in light turnover of C$158m. Advances led declines by 195 to 173 with 246 unchanged.

Canadian Pacific slipped C$⅛ to C$14⅛. Thomson Corp firmed C$¼ to C$14¾ as the TSE media and communications index climbed 0.85 per cent to 7,109.

SOUTH AFRICA

CONTINUED demand for blue chips boosted the JSE all-share index by 37 to 3,134 in steady trading. The gold index added 24 or 3 per cent to 836, while strong gains in index-linked industrial blue chips lifted that index by 48 to 4,142.

Swiss equities paralysed ahead of EEA vote

Ian Rodger assesses the possible impact of a 'yes' or 'no' to closer ties with the European Community

The Swiss stock market has entered a period of uneasy calm ahead of the national referendum next month on the European Economic Area (EEA) treaty.

The campaign in the run-up to this vote has been the most passionate seen in Switzerland since a plebiscite on foreign residents in the early 1970s.

Opinion polls show an extraordinarily large proportion of Swiss – 20 per cent – still undecided about whether to make this large leap towards closer economic integration with the European Community (EC).

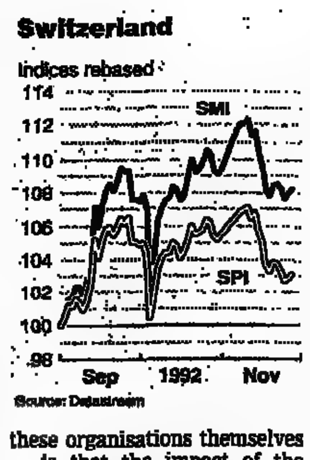
The all-share Swiss Performance Index (SPI) oscillated from a low for the year of 1,053 at the end of August to more than 1,150 in early November before contracting the EEA blues which brought it lower, and kept it down last week before it recovered 12.9 yesterday to close at 1,138.7. This leaves it still 8.2 per cent up on the year.

As might be expected, the SMI index of leading shares has diverged from the overall market plan as investors have taken refuge in the blue-chip issues. At its closing level yesterday of 1,914.6, it is up about about 12 per cent since late August.

Analysts agree that, barring further large external shocks, the EEA issue will dominate the market until the December 6 vote. The outcome is of critical importance to many quoted Swiss companies.

If the treaty is accepted, export-oriented machinery makers such as the machine tool maker, George Fischer, and the lifts producer, Schindler, will benefit, while hitherto protected domestic retailers and breweries will suffer from increased competition. If the treaty is rejected, the patterns will reverse.

For the big banks and multinational industrial companies, such as Nestlé, ABB Asea Brown Boveri, Ciba Geigy, Roche and Sandoz, the consensus view – encouraged by



Source: Datastream

these organisations themselves – is that the impact of the vote will be negligible. This is because they are already well-established in the EC through subsidiaries and factories and depend to a very small or, in the case of the banks, a diminishing extent on the Swiss market for their earnings.

The market would prefer a 'yes' vote, because it is felt that a rejection would further dampen an already weak economy. Many economists believe that a 'yes' vote would add about 4 to 6 per cent to Swiss GDP over the next two years. Thus, when opinion polls last week indicated that the anti-EEA view was gaining ground, the market fell.

Mr Mirko Sangiorgio of Bank Julius Baer in Zurich believes that the market has still not entirely discounted the likelihood (in his view) of a negative outcome. "Not all participants have discounted a 'no', especially those from abroad, so I believe that the market could be surprised if there is a rejection, and could decline by about 4 per cent," he says.

Mr Stephan Meier, head of Swiss equity investment research at Swiss Bank Corporation, agrees. "If 20 per cent of the people have not decided on the outcome, how can the market be expected to decide?" he asks.

The anticipation of a negative result can already be seen in the recent performance of some key shares. Ascom, the telecommunications group which is pushing aggressively into EC markets, has plunged from SFr1,260 at the beginning of November to SFr1,090. Schindler bearers have fallen from SFr3,020 to SFr2,870 over the same period.

SBC has analysed 60 companies which make up 90 per cent of the Swiss market's capitalisation and has concluded that earnings of 40 of them would decline in the event of a negative vote. Put another way, their average profit growth next year would drop from 20 per cent to 16 per cent. Still, the main negative effects would be in the longer term, Mr Meier argues, as many Swiss companies would lose their competitiveness in Europe.

As for the stock market, he fears that there would be a loss of confidence by foreign investors in all but the top Swiss stocks, and he recommends that investors use derivatives, such as puts on the SMI, to safeguard their positions during this uncertain period.

Once the EEA vote is out of the way, analysts believe that investors' attention will once again focus on fundamentals, and there is not much optimism on that front either. Earnings reports this week from Nestlé and ABB have indicated that times are getting tougher. "They were not bad, but they were worse than expected," says Mr Wolfgang Strub, an analyst at Swiss Volksbank.

Mr Sangiorgio agrees. "Our adjustments to earnings estimates are all on the downside these days, and that process is not finished," he predicts.

Baer has just revised down its forecast for Swiss GDP for next year, now anticipating a decline of 0.4 per cent instead of a flat result. The only support for the market will come from declining interest rates and inflation, Mr Sangiorgio says.

EUROPE

Stockholm bourse resumes post-devaluation rally

BOURSES traded quietly after an eventful week during which renewed currency tension monopolised investors' attention, *writes Our Markets Staff.*

STOCKHOLM resumed its post-devaluation rally after Thursday's pause. The Affärsvärlden general index rose 22.7 or 2.6 per cent to 885.2, up 7.8 per cent on the week, in turnover of SKr811m, down from SKr1.12bn. Trading concentrated on blue chips and Ericsson B shares added SKr5 to SKr177 in volume of SKr122m.

With the exception of bank shares, all sectors posted advances. A sharp jump was registered for the real estate and construction sector, up 14.2 per cent on speculation that lower interest rates will bring about a recovery in property prices.

The banking sector dropped 5.5 per cent, after its 30 per cent surge over the previous two trading sessions. Handelsbanken B fell SKr1 to SKr33.5 while S-E-Banken C eased SKr2 to SKr15.

FT-SE Actuaries Share Indices

November 27 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1049.18	1047.06	1046.27	1045.87	1046.25	1047.51	1048.72	1049.92
FT-SE Eurotrack 200	1119.53	1118.06	1117.84	1116.84	1116.95	1119.00	1121.05	1122.37

	Nov 26	Nov 25	Nov 24	Nov 23	Nov 20
FT-SE Eurotrack 100	1048.05	1042.55	1038.83	1038.38	1051.29
FT-SE Eurotrack 200	1118.56	1111.41	1110.69	1110.18	1117.40

Base value 1000 (26/10/90) Highday: 100 - 1050.16; 200 - 1122.44 Lowday: 100 - [illegible]

PARIS continued to speculate about the future of the franc, and the CAC-40 index ended 10.11 higher at 1,749.79, up 1.5 per cent on the week. Turnover was a paltry FFr1.5bn.

The most significant faller of the day was Michelin which dropped FFr6.8 or 3.7 per cent to FFr178.70 on news that the tyre manufacturer had introduced short-time working, including extended Christmas shutdowns, at a number of its European factories.

The television stock, Canal Plus, fell FFr33 to FFr1,045 after Carolco Pictures, in which it has a 12 per cent stake, said again that it was unable to pay its debts.

Risers included Rhône Poulenc CIs, up FFr6 to FFr514 following its meeting with analysts in London and Lafarge, FFr6.70 higher at FFr312.50.

MILAN ended mixed in thin trading and the Comit index eased just 0.05 to 442.56, down 3.6 per cent on the week, in turnover estimated at not more than Thursday's L170.5bn.

The agro-industrial and food group, Montedison, made early gains after Thursday's announcement of management changes in the company and at its parent group, Ferruzzi Finanziaria. The stock added L49 or 4.3 per cent to L1,200 at the fixing but eased back later.

Other stocks which had been bid up for speculative reasons fell back as the retailer, Rinascente, dropped L381 or 5.2 per cent to L6,900. But the state-controlled food group, Sme, rose L25 to L5,645.

FRANKFURT closed a grey week, featuring moderately depressing inflation reports, worrying Volkswagen results and disappointment with interest rate prospects. The DAX index ended at 1,522.93, down 0.23 on the day and 1.4 per cent lower over the last five.

Turnover fell from DM6.1bn to DM3.8bn. VW fell again, by DM3.70 to DM267, as other carmakers recovered. Retailers were also inclined mostly to move back up again but dealers said that they did not believe this to be a pre-Christmas rally.

The retail sector – with Hornbach, in do-it-yourself, as the exception – is rated underweight in a James Capel review which underweights the Frankfurt market as a whole; and it is underperforming. The DM5 rise to DM430 in Douglas left the luxury-oriented specialist down 5.5 per cent on the week and, in department stores, Karstadt fell another DM3.80 to DM500.20 for a 4 per cent drop over five days.

OSLO fell in thin trading as speculation about a devaluation of the crown receded. The all-share index ended 3.61 lower at 353.74, down 0.7 per cent on the week, in turnover worth NKr172m.

BRUSSELS closed lower and Solvay was one of the main victims, falling SKr175 to SKr11,050. The Bel-20 index lost 4.07 to 1,125.56, down 1.5 per cent on the week.

AMSTERDAM saw the recovery in chemical stocks continue as Akzo picked up Fl 1 to Fl 131 and DSM added 60 cents to Fl 72.80. But the troubled shipping company, Nedlloyd, shed another 90 cents to Fl 29.40 following Thursday's news of a net loss this year. The CBS Tendency index closed unchanged at 103.2, down 0.2 per cent on the week.

MADRID's reawakening on Thursday proved short-lived, and block trades provided most of yesterday's Pta13.23bn turnover as the general index finished 0.52 higher at 215.29, 1.2 per cent up on the week. Utilities saw support on hopes that they would maintain their dividends, Sevillana closing Pta18 or 4.4 per cent higher at Pta426 and Union Fenosa, the day's most active stock adding Pta12 to Pta401 in 1.75m shares.

ISTANBUL rose 2.4 per cent for a two-day gain of 5.2 per cent on the prospect of a tax decree favouring equity investment. The 75-share index closed 86.27 higher at 3,843.06.

ASIA PACIFIC

Nikkei eases after seven-day climb

Tokyo

POSITION adjustment ahead of the weekend pushed prices down, and share prices fell for the first time in seven trading days despite buying by arbitrageurs and public funds, *writes Emiko Terazono in Tokyo.*

The Nikkei average lost 8.43 to 17,470.61, falling after its longest consecutive rise since February last year though still up 2.6 per cent on the week. The index fluctuated between the day's low of 17,368.61 and high of 17,569.31.

Volume fell to 250m shares from 311m. Although the Nikkei fell, other market indices reflected the underlying, positive sentiment. Gainers led losers by 531 to 426 with 173 unchanged. The Topix index of all first section stocks rose 4.48 to 1,307.54, while the second section also advanced. In London, the ISE/Nikkei 50 index rose 0.95 to 1,055.96.

Dealers covered short positions while public funds were seen small-lot buying. However, traders said that genuine buying by institutional investors was absent.

Securities issues recovered after a fall on Thursday's announcement by Nomura Securities of compensation totalling Y23bn to individual clients, due to slack sales procedures. Nomura Securities gained Y50 to Y1,450 and Daiwa Securities Y25 to Y835.

Banks, which annnounced interim earnings results on Thursday, were mixed. Dealers adjusted positions on bank issues as brokers noted increased inquiries from financial authorities concerning share price movements. Traders said short-selling hedge funds, wary of being questioned by the ministry of finance, were reluctant to take out new positions. Bank of Tokyo fell Y10 to Y1,340 and Sakura Bank remained unchanged at Y1,150.

Some high-technology issues which rose on Thursday on buying by public funds, fell on profit-taking. NEC fell Y12 to Y671 and Hitachi lost Y3 to Y723.

Precision makers gained ground on hopes of a recovery in the US economy. Canon rose Y20 to Y1,330 and Citizen Watch gained Y11 to Y905. Honda Motor also advanced, by Y60 to Y1,380.

In Osaka, the OSE average gained 55.20 to 18,788.59 in volume of 29.1m shares.

Roundup

DOMESTIC and international influences lifted most of the region's markets, but Australia failed to regain its momentum.

NEW ZEALAND extended its bull run yet again, the NZSE-40 index closing 20.26 higher at 1,545.27, up 6.9 per cent on the week, in moderate turnover of NZ$29m.

Fletcher Challenge closed up 11 cents at NZ$2.11 amid rumours that it is about to announce an asset sale.

HONG KONG got a boost from London traded stocks and the Hang Seng index climbed 73.49 to 5,986.67, 1.8 per cent higher on the week, in turnover up from HK$1.81bn to HK$1.97bn.

Banks posted the sharpest increases, with HSBC Holdings and its Hang Seng Bank unit both rising HK$1 to HK$60 and HK$54 respectively.

BANGKOK rose as a Bt10bn rescue fund pooled by brokers had started buying. The SET index rose 11.26 to 869.49, fractionally down on the week, in turnover of Bt5.82bn.

SINGAPORE took its gain on the week to 2.4 per cent as the Straits Times Industrial index closed 10.97 higher at 1,447.96.

AUSTRALIA stayed flat in mixed trade, still 2.9 per cent higher on the week as the All Ordinaries index finished 0.1 lower at 1,450.8. Turnover was A$385m and CSR was the star of the day, rising 14 cents to A$3.75 on improved earnings.

SEOUL fell on pre-election jitters. The composite index shed 10.09 to 650.85 but stood 2.4 per cent higher on the week, in turnover down from Won587.5bn to Won504.9bn.

BOMBAY opened weak at the start of the new account but finished mixed on late institutional buying. The BSE index ended 0.70 down at 2,460.80, down 0.8 per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 26 1992								WEDNESDAY NOVEMBER 25 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	116.22	−0.9	113.21	91.21	96.50	112.51	−0.7	4.31	117.24	114.02	91.82	97.16	113.34	[illegible]	108.18	150.83
Austria (19)	138.80	−0.5	135.01	108.77	115.08	114.78	−0.4	2.46	139.24	135.41	109.05	115.39	115.23	186.70	138.51	167.92
Belgium (42)	135.33	−0.6	131.82	106.19	112.36	109.63	+0.0	5.62	136.20	132.46	106.66	112.87	109.67	152.27	134.41	131.96
Canada (113)	113.02	+0.5	110.09	88.69	93.83	104.96	+0.5	3.23	112.43	109.34	88.05	93.17	104.45	142.12	111.36	138.57
Denmark (34)	187.21	+0.2	182.36	146.92	155.43	157.67	+0.9	1.73	186.75	181.61	146.26	154.76	156.33	273.94	181.70	254.17
Finland (15)	71.50	+0.8	69.64	56.11	59.36	76.22	+0.7	1.85	70.90	68.95	55.53	58.75	75.66	89.80	62.84	78.21
France (99)	142.41	+0.7	138.73	111.75	118.23	120.80	+0.9	3.73	141.40	137.52	110.74	117.17	119.78	168.75	136.93	140.00
Germany (64)	104.25	+0.1	101.55	81.83	86.56	86.56	+0.3	2.66	104.17	101.31	81.60	86.33	86.33	129.69	102.51	111.47
Hong Kong (53)	240.55	+0.0	234.32	188.78	199.73	238.87	+0.0	3.76	240.53	233.92	188.38	199.34	238.88	262.28	176.36	170.70
Ireland (16)	134.54	+0.1	131.06	105.59	111.71	115.14	+0.3	4.76	134.36	130.66	105.23	111.34	114.81	173.71	122.98	155.28
Italy (77)	56.75	−0.9	55.28	44.53	47.12	58.74	−0.5	3.54	57.28	55.71	44.86	47.47	59.01	80.86	47.47	72.80
Japan (472)	105.29	+0.4	102.57	82.63	87.43	82.63	+0.6	1.02	104.87	101.99	82.13	86.92	82.13	140.95	87.27	132.00
Malaysia (69)	275.02	+0.0	267.90	215.82	228.34	267.61	+0.1	2.47	274.96	267.40	215.34	227.86	267.44	282.42	212.49	203.79
Mexico (18)	1569.47	−0.5	1528.83	1231.68	1303.10	5351.29	−0.4	1.12	1576.98	1533.63	1235.08	1306.87	5370.84	1789.77	1185.84	1321.52
Netherland (25)	150.04	+0.1	146.16	117.75	124.58	122.89	+0.2	4.63	149.89	145.77	117.39	124.22	122.59	169.70	147.88	143.38
New Zealand (13)	42.33	+2.2	41.23	33.22	35.15	43.58	+2.4	5.22	41.41	40.28	32.44	34.32	42.56	48.52	37.39	48.36
Norway (22)	139.80	−0.2	136.18	109.71	116.08	123.20	+0.8	1.97	140.05	136.20	109.69	116.06	122.18	192.95	128.06	189.21
Singapore (38)	199.38	+2.0	194.22	156.47	165.54	149.95	+2.0	2.20	195.48	190.10	153.10	161.99	147.01	229.63	170.65	207.20
South Africa (60)	136.47	+0.9	132.94	107.10	113.31	149.52	+0.7	3.44	135.19	131.47	105.88	112.03	148.45	263.60	134.21	268.72
Spain (48)	116.71	+1.0	113.68	91.59	96.90	101.63	+1.5	5.91	115.53	112.35	90.48	95.74	100.17	161.72	107.10	148.20
Sweden (31)	162.86	−2.7	158.65	127.81	135.23	164.07	−1.3	2.39	167.40	162.80	131.11	138.73	168.16	200.28	149.69	170.29
Switzerland (60)	104.15	+0.3	101.45	81.74	86.48	92.56	+0.5	2.31	103.83	100.98	81.33	86.06	92.09	122.37	95.99	94.40
United Kingdom (227)	165.74	+0.9	161.45	130.06	137.60	161.45	+1.1	4.55	164.24	159.73	128.62	136.10	159.73	200.07	161.86	172.02
USA (522)	175.46	+0.0	170.91	137.70	145.68	175.46	+0.0	2.90	175.46	170.63	137.42	145.41	175.46	175.46	150.92	158.25
Europe (779)	132.50	+0.4	129.07	103.98	110.02	119.92	+0.7	3.93	131.95	128.33	103.35	109.36	119.13	156.88	131.31	138.35
Nordic (102)	147.29	−1.6	143.47	115.59	122.29	133.68	−0.5	2.16	149.71	145.59	117.25	124.07	134.31	188.52	141.24	174.16
Pacific Basin (713)	110.08	+0.3	107.23	86.39	91.40	88.18	+0.5	1.37	109.70	106.69	85.92	90.91	87.71	141.97	93.70	133.38
Euro−Pacific (1492)	119.15	+0.4	116.06	93.50	98.92	100.98	+0.6	2.52	118.70	115.44	92.96	98.36	100.39	145.21	113.80	135.69
North America (635)	171.59	+0.0	167.14	134.67	142.49	170.67	+0.0	2.91	171.55	166.84	134.37	142.19	170.64	171.59	158.70	152.14
Europe Ex. UK (552)	112.51	+0.1	109.59	88.31	93.43	97.40	+0.4	3.47	112.44	109.35	88.06	93.20	97.05	132.98	111.33	118.04
Pacific Ex. Japan (241)	157.07	+0.0	153.01	123.29	130.43	144.65	+0.0	3.67	157.13	152.81	123.08	130.23	144.62	175.31	149.00	146.98
World Ex. US (1683)	120.02	+0.4	116.91	94.19	99.65	102.92	+0.6	2.54	119.56	116.28	93.65	99.09	102.33	146.91	115.99	137.89
World Ex. UK (1978)	135.11	+0.1	131.61	106.04	112.19	121.62	+0.2	2.48	134.93	131.22	105.68	111.83	121.32	150.58	127.21	139.17
World Ex. So. Af. (2145)	137.91	+0.2	134.34	108.24	114.51	124.89	+0.3	2.69	137.62	133.83	107.79	114.05	124.48	153.05	130.04	141.18
World Ex. Japan (1733)	156.23	+0.2	152.18	122.62	129.74	148.68	+0.2	3.28	156.00	151.71	122.19	129.30	149.53	165.40	151.93	148.71
The World Index (2205)	137.78	+0.2	134.21	108.13	114.40	125.16	+0.3	2.69	137.48	133.70	107.68	113.94	124.74	153.70	130.66	142.04

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Latest prices were unavailable for this edition. USA market closed November 26.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Treas 8¼pc 1993		[illegible]	—	[illegible]	[illegible]	[illegible]	8.78
10pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.69
12½pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.57	8.55
Funding 6pc 1993‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	5.23
Treas 13¼pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.87	8.43
8½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.52
14½pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.54
Exch 13½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.62
Treas. 10pc Ln. 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.64
Exch 12¼pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	11.44	8.73
Treas 9pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.64
12pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.95
Exch 3pc Gas 90–95		[illegible]	—	[illegible]	[illegible]	3.10	5.23
10¼pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.95
Treas 12¾pc 1995‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.04
14pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.39
9pc 1992–96‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	8.84
15¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.37	7.47
Exch 13¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	108	[illegible]	7.46
Conversion 10pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.30
Treas 13¼pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	11.84	7.84
Exch 10½pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	9.47	7.47
Treas 8¾pc 1997‡‡		[illegible]	[illegible]	[illegible]	94	[illegible]	7.26
8¾pc '97 ‡‡(£25 pd)		[illegible]	[illegible]	[illegible]	25	[illegible]	7.37
Five to Fifteen Years							
Exch 15pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.70
9¾pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.59
Treas 7¼pc 1998 (£25 pd)		[illegible]	[illegible]	[illegible]	25	7.27	7.34
Treas 6¾pc 1995–98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.32
15½pc '98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	11.49	7.94
Exch 12pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.98
Treas 9½pc 1999‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.74
Exch 12¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	10.17	8.07
Treas 10½pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.90

BRITISH FUNDS – Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Conversion 10¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	9.11	7.91
9pc 2000‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.92
Treas 13pc 2000		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.41
10pc 2001		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.27
14pc '98–01		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.39
9¾pc 2002		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.45
10pc 2003		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.60
Treas 11½pc 2001–04		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.60
Funding 3½pc '99–04		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.78
Conversion 9½pc 2004		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9½pc 2005		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 12½pc 2003–05		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8pc 2002–06‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 11¾pc 2003–07		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8½pc 2007‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.75
13½pc '04–08		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.06
Over Fifteen Years							
9pc 2008‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.81
8pc 2009		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.67
8pc 2009 A (£25 pd)		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conv 9pc Ln 2011‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.90
Treas. 9pc 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.91
9pc 2012 A		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.91
Treas 5½pc 2008–12‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.62
7¾pc 2012–15‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.77
Exch 12pc '13–17		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.13
Treas 8¾pc 2017		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8¾pc 2017 A‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated							
Consols 4pc		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
War Loan 3½pc‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
Conv 3½pc '61 Aft		[illegible]	—	[illegible]	[illegible]	8.74	–
Treas 3pc '66 Aft		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
Consols 2½pc		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
Treas. 2½pc		[illegible]	—	[illegible]	[illegible]	[illegible]	–

BRITISH FUNDS – Cont.

Index – Linked	Notes	Price £	+ or -	1992 high	1992 low	Yield (1)	Yield (2)
Treas. 2pc '94	(102.9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.09
2pc '96	(67.9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.52
4⅝pc '98	(135.6)	[illegible]	—	[illegible]	[illegible]	2.77	3.33
2½pc '01	(78.3)	[illegible]	[illegible]	[illegible]	[illegible]	3.14	3.46
2½pc '03	(78.8)	[illegible]	[illegible]	[illegible]	135	[illegible]	[illegible]
4⅛pc '04	(135.6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.72
2pc '06	(69.5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.71
2½pc '09	(78.8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2½pc '11	(74.6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2½pc '13	(89.2)	[illegible]	[illegible]	[illegible]	[illegible]	3.72	[illegible]
2½pc '16	(81.6)	[illegible]	[illegible]	[illegible]	[illegible]	3.74	[illegible]
2½pc '20	(83.0)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2½pc '24‡‡	(97.7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4⅛pc '30‡‡	(135.1)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1992: 138.8 and for October 1992: 139.9

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev 10¼pc 2009		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B'ham 11½pc 2012		114	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland Cap 8½pc '10		[illegible]	—	[illegible]	[illegible]	[illegible]	–
9pc Cap 1996		[illegible]	—	[illegible]	90	[illegible]	–
13pc '97–02		[illegible]	—	[illegible]	[illegible]	11.38	–
Hydro Quebec 15pc 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.30
Leeds 13½pc 2006		[illegible]	[illegible]	[illegible]	[illegible]	10.57	[illegible]
Liverpool 3½pc Irred		[illegible]	[illegible]	[illegible]	30	[illegible]	–
LCC 3pc '20 Aft		[illegible]	[illegible]	[illegible]	27	[illegible]	–
Manchester 11½pc 2007		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Met. Wtr. 3pc 'B'		[illegible]	[illegible]	[illegible]	83	[illegible]	[illegible]
N'wide Anglia 3⅞pc 2021		[illegible]	[illegible]	121	[illegible]	–	[illegible]
4¼pc IL 2024		[illegible]	[illegible]	[illegible]	[illegible]	–	4.87
Utd Mex States 16½pc 2008		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.46

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	20¼xd	—	21	14⅝	17,186	1.9
Allegheny & W	♥	417p	—	494p	225p	216.7	4.5
Amdahl		618p	—	1189p	455p	561.7	1.2
Amer Cyanamid		37⅝	—	37⅝	26⅝	2,396	2.8
Amer Express		16¼xd	—	16¼	10⅞	7,279	4.2
Amer T & T		31⅞xd	—	31½	20¼	41,842	2.7
Ameritech		44½	—	44⅝	32½	16,483	5.0
BankAmerica		29⅞xd	—	29⅞	19⅞	10,165	2.8
Bankers NY		42¼xd	—	44	26⅞	3,491	4.1
Bell Atlantic		31½	—	31½	23¼	13,399	5.2
BellSouth		32⅞	—	34¼	25	15,827	5.4
Bethlehem Steel	♥	16⅞xd	—	16⅞	8¼	915.9	—
Bowater		1084pxd	—	1084p	905p	391.2	4.7
CPC	h	28⅞xd	—	29	22⅞	4,477	2.8
Cadiz Land Inc	♥	129p	—	342p	108p	—	—
California Engy		874p	—	999p	591p	177.3	—
Chase Manhattan		17⅝xd	—	17⅞	9¼	2,031	4.3
Chrysler		19¼xd	—	19⅞	6¼	5,592	2.0
Citicorp		12¼xd	—	12⅞	5⅞	4,495	—
Colgate-Palm		39⅛xd	—	43¼	25¼	6,277	2.0
Cont'l Bank		1275p	—	1276p	499p	1,266	3.0
Dana		27⅝xd	—	28⅞	14⅞	1,268	3.6
Data General		721p	—	1004p	384p	199.8	—
Decora Inds	♥	146p	—	146p	60p	—	—
Dun & Brad		37¼	—	38⅞	27⅞	6,736	3.8
Eaton		48	—	48¼	32½	1,867	2.9
Echlin		13⅛xd	—	13½	7⅞	789.2	3.3
FPL		22⅞xd	—	23¼	17⅞	4,143	6.8
Fluor		30xd	—	30	19¼	2,493	0.8
Ford Motor		28⅞xd	—	28⅞	15	13,182	2.3

BUILDING MATERIALS - Cont.

	Notes	Price	+ or -
Stanmin		6½	—
Tarmac		87	-2
Titon	‡†	132	—
Travis Perkins		165	—
Tudor	‡‡	38	—
Unigroup		11	—
Waterhouse	‡	28	+2
Wickes		78	—
Wolseley	‡	582	+18

BUSINESS SERVICES

	Notes	Price	+ or -
ADT $		463	—
Adam & Harvey		198xd	—
Air London	‡	56	—
African Lakes		37	—
Auto'ted Sec	†	157	+1
BET	‡K	86	+3
BNB Res		43	—
BPP	‡†	369	—
Barbour Index		228	—
Boustead		14xd	—
Bridgend	‡	13	—
Brit Data Mangt	L	152	+1
Brooks Service	‡	58	—
CRT		86	—
Capita	†	384	—
Casket	†	31	+1½

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

[illegible]

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MEDIA

[illegible]

MEDIA - Cont.

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

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[illegible]

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PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, including exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT at 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

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FINANCIAL TIMES

Weekend November 28/November 29 1992

Consumer price increase sours mood after moderate wage claim

German pay demand set at 5%

By Christopher Parkes in Frankfurt

A CLAIM for a basic 5 per cent pay increase for 2.3m west German public sector workers next year was cautiously welcomed yesterday as the first sign that wage-driven inflation might be brought under control.

However, the mood was soured by provisional figures which showed consumer prices had risen 0.5 per cent last month, leaving the annual inflation rate unchanged at 3.7 per cent. Most economists had expected a small decline.

The pay demand, agreed by national leaders of the ÖTV union yesterday, compares with last year's 9.5 per cent basic claim. This led to a bitter 11-day strike in the spring.

It raised hopes that a deal could be struck around the 3 per cent level that the Bundesbank considers necessary in all sectors in the west if inflation is to be combatted effectively and interest rates reduced.

But the claim also raised the prospect of a difficult negotiating round for the federal government, the main public sector employer. Professor Herbert Hax, leader of the "five wise men" who give Bonn independent economic advice, recommended a pay freeze for public officials.

Although private sector groups, including banking, insurance and steel workers, are pressing claims of 7.5 per cent, the ÖTV leaders appear to have taken account of the accelerating economic downturn and non-stop campaigning for pay restraint by government, employers and the Bundesbank.

"Such a realistic demand can only be positive," said economist Mr Peter Pietsch at Commerzbank. He expected ÖTV to settle for "three-point-something" and a similar pattern in the private sector. Other unions appeared to be showing much more flexibility than in the past two years, when settlements of between 6 and 7 per cent contributed to inflation increases, he said.

Although steel workers' representatives earlier this week refused a 3 per cent offer, the rejection came without the threats which characterised last year's wage negotiations.

"Much too high," said Mr Dietrich Beier at Berliner Bank. Taking into account ÖTV's as yet undefined demands for a "social component", he guessed the claim was worth 6 per cent or more. "The right number is 3 per cent; 3.5 per cent is too high for the Bundesbank and too high for the solidarity pact," he said.

Chancellor Helmut Kohl is seeking agreement on a solidarity pact involving opposition parties, unions and employers, aimed at solving the economic crisis in the east and countering recessionary tendencies in the west.

Government officials, who are expected to start negotiations with ÖTV before Christmas, will enter the talks with little room to manoeuvre. Bonn is pledged to limit increases in spending next year to 2.5 per cent.

If it sets an example to the private sector with a settlement deemed "unsuitable" by the Bundesbank, then prospects for lower interest rates in the new year would be damaged.

Editorial Comment, Page 8

THE LEX COLUMN

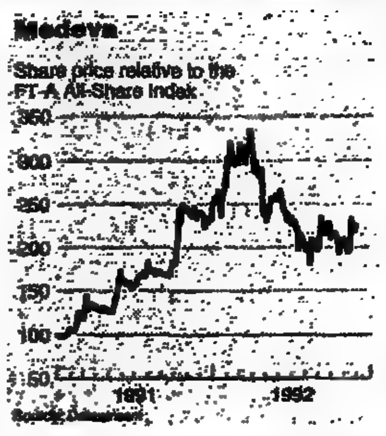
Cycling ahead

There is an undeniably firm tone to London equities at the moment, even if the market waited for Wall Street yesterday before going on to conquer another FT-SE closing peak. The conviction is growing that, even if recovery comes slowly, 1994 will be a period of strong UK corporate earnings growth; next year, as a consequence, may not be the time for sitting on the sidelines.

A curious feature, though, is investor uncertainty about what companies to be buying. In the wake of sterling's depreciation overseas earners were an obvious target. But there remains a distinct ambivalence about the relative merits of defensive and cyclical stocks. Part of the problem is probably semantics, with the likes of Reuters, Cable and Wireless and BT these days defying easy categorisation. Investors are also likely to be wary of cyclicals, which have flattered at least twice in the last couple of years only to deceive. More pertinently, though, many of the companies which benefited at this stage of previous cycles may not prosper to the same extent this time round. Building materials producers and others dependent on the traumatised property market are one category; hotels and leisure groups dependent on the unlikely return of high-spending consumers form another. Conversely, the market may look more favourably on sectors like paper and packaging, transport, speciality chemicals and even engineering.

The durability of the current rally in equities, meanwhile, will to some extent rest on where long gilt yields settle. That, though, is a problem for next year's second half.

FT-SE Index: 2760.1 (+18.3)



Currencies

A week after the latest half-hearted realignment, the ERM is holding together, but only just. Several factors may have helped stave off the new crisis that seemed imminent on Monday. The Irish election was a distraction. Trading was subdued by the US Thanksgiving Day holiday. Countries in the immediate firing line raised short term rates. And the French franc was bolstered in midweek by a large Far Eastern commercial order. None of this is enough, though, to obscure the fact that basic tensions in the system are unresolved.

Indeed, without a background of currency strain, the Bundesbank might even have reasons for increasing rates. Money supply growth is in double digits. The latest regional inflation figures are particularly disappointing: the state of Hesse yesterday reported a year-on-year consumer price rise of 4.2 per cent. True, the emphasis could change if next week's industrial output and unemployment figures point to further economic weakness. But the Bundesbank is more concerned with inflation than offsetting the cycle. The trouble is that as long as it persists with tight money, other ERM countries must subject themselves to a deflationary discipline which defies credibility.

Small wonder, then, that the French franc is again looking sickly and the Irish punt fell below its floor against the Belgian franc yesterday afternoon. It is just possible that with Christmas approaching and a good year's profits already in the bag, currency traders may decide the party circuit holds more appeal than another bout of nerve-wracking speculation. But sooner or later, something will have to give. The question is one of timing.

Allied-Lyons

It must come as a relief to Allied-Lyons that it is finally free to go ahead with its Carlsberg venture, especially on slightly less onerous terms than those originally proposed by the Monopolies & Mergers Commission. Instead of rationing supplies to its tied outlets, Allied faces the simpler task of freeing a further 400 from the tie. That was not enough, though, to prompt a share price reaction yesterday. The market has assumed for some time that the venture would go ahead and that the short-term earnings impact would be small.

Consummation of the deal will produce a cash inflow of some £135m in the current half, which should cut the interest bill on the company's £1.9bn debt. But those savings will probably be offset by rationalisation charges in distribution and administration.

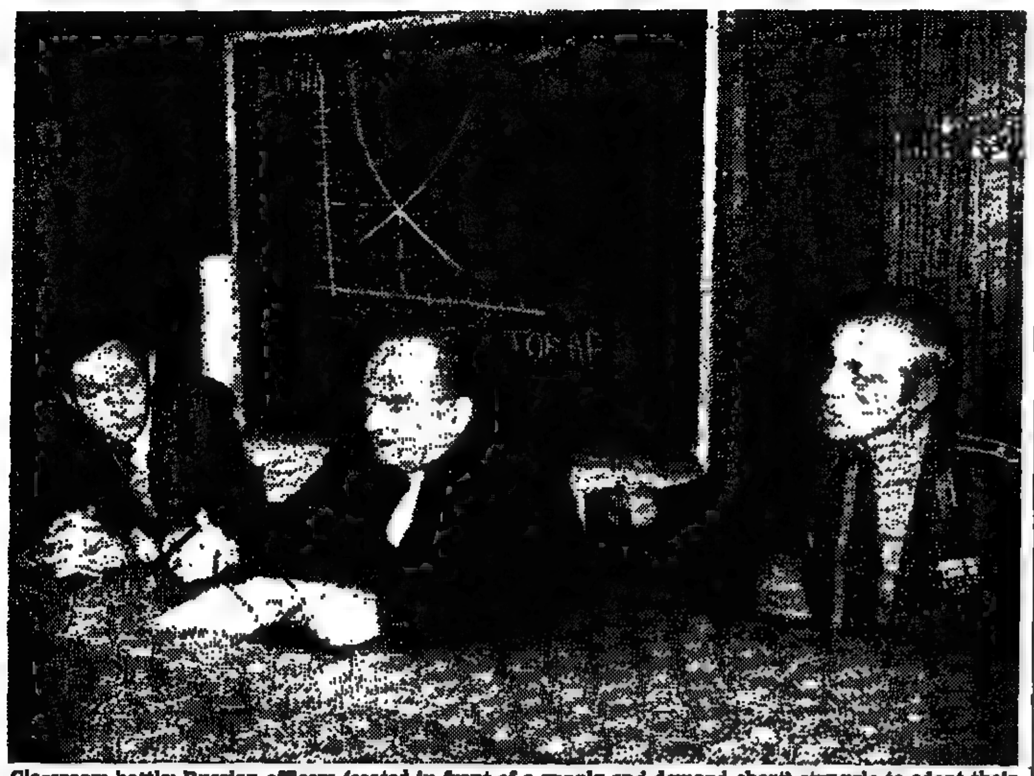
Of more immediate interest is what the company says about current trading at next week's interim results. Worries on that score, though more particularly over food and spirits than beer, have been the ostensible reason for a 3 per cent share price fall since Tuesday. That looks odd against a rising market, but Allied has outperformed Guinness by over 15 per cent since Black Wednesday – all the more ambitious since the two are now trading on an almost identical historic multiple of 15.

Medeva

The market might be forgiven for being left behind by the whirl of acquisitions and disposals at Medeva. In last year's annual report the chairman was still talking about building the largest generic pharmaceuticals company in the UK. Most of that business has now been sold. Getting out of low-margin commodity generics looks sensible. But Medeva can hardly expect the market not to worry about what the next twist of strategy will bring.

Having seen its shares fall by 25 per cent from their peak this year, Medeva will struggle to fund its grand ambitions by issuing new paper. That being placed in the US to acquire the Armstrong respiratory drugs business could be an unwelcome drag on the price. Some solid growth from the remaining hodge-podge of businesses would not go amiss. Whether the management can deliver such growth remains an open question. Niche positions in areas like narcotic pain killers look secure, but the growth prospects are less obvious. The asthma market looks a better bet with Glaxo's Ventolin losing its US patent next year. New accounting standards should at least help separate the wheat from the chaff by making Medeva strip out the contribution of discontinued business.

The shares have still out-performed the market by some 200 per cent in the two years since Mr Bernard Taylor arrived from Glaxo. Investors must decide whether the recent weakness is simply a blip in a longer upward trend. There was little underlying yesterday's nine-month numbers, however, to prove that Medeva has the skills to regain its premium rating.



Classroom battle: Russian officers (seated in front of a supply and demand chart) struggle to adapt their military skills to the tough new world of market forces and tax inspection Picture: Viktor Korotayev

Russian army officers train for more taxing profession

By Leyla Boulton in Moscow

TURNING swords into ploughshares has taken on a new meaning in Russia as army officers laid off because of defence cuts retrain as tax inspectors.

Dr Nikolai Filinov, in charge of a special diploma for officers trying to find their feet in the new Russia, claims they have a special contribution to make.

"It's mostly women who work there now, but former officers will be ideal in situations where tax collectors have to go and persuade enterprises into paying taxes," he claimed.

Both the creation of an efficient tax-collection system and the scaling down of Russia's huge army are essential if the centrally planned economy, geared primarily to the needs of a bloated defence establishment, is to be transformed.

The two tasks are fraught with difficulties. Thousands of officers must find new jobs in civilian life, while an old-style tax inspectorate is having trouble adjusting to numerous new demands. These include coping with complex levies such as value added tax and trying to extract money from new businesses, which pay no taxes, and old state-owned enterprises which are too indebted to pay taxes to a bankrupt state.

Mr Sergei Alexashenko, a Russian economist specialising in tax and budgetary issues, said a lack of trained personnel was a key obstacle to efficient tax collection. He also cited a primitive banking system, which can take months to effect transfers, and the temptations for poorly paid tax inspectors to accept bribes.

A Moscow institute named after Sergo Ordzhonikidze, a Bolshevik revolutionary, is trying to help solve both problems with a four-month training course giving former officers basic skills in business management and tax collection.

Prof Mikhail Koptiev, who teaches a class in international finance – which includes topics such as capital flight, a big problem for Russia – said the military made ideal students: "They are very disciplined, very educated, and learn fast."

Almost half this year's intake of 200 are military men, 33 of whom are already working as tax inspectors. But many of the future graduates hope to use their skills to go into business instead. Military skills may come in handy there too, given the degree of extortion in Russia.

Air force Col Viktor Kondratiev, 45, said he wanted to set up a civilian air transport company. But Lt-Col Igor Anikeev, 38, had not made up his mind to leap into the unknown. "We are used to living in an orderly world, and government service has a certain security about it."

Financier faces probe into Castor bankruptcy

By Bernard Simon in Toronto

MR WOLFGANG Stolzenberg, the secretive German-Canadian financier, has agreed to be examined under oath in Montreal next week over the collapse of Castor Holdings, the international property finance group which he controlled.

Mr Stolzenberg, accompanied by a legal representative, is due to be questioned from Tuesday by officials of Richter & Associates, Castor's bankruptcy trustee. The examination, lasting up to four days, will be in private.

Castor, which specialised in high-risk second and third mortgages and construction loans, went into bankruptcy last July. Although the value of its assets was set at C$1.9bn (£960m) in 1991, creditors are expected to lose at least C$1bn.

The creditors are mostly European banks and private investors, attracted by the 1980s North American property boom and tax benefits Castor obtained by channelling much of its business through offshore tax havens.

The trustee is also due to provide creditors next week with a second progress report on the wind-up of Castor. They will be told investigations are at a delicate stage and little information can be divulged.

Mr Stolzenberg is one of about 20 people Richter officials are interviewing. The trustee also wants to question Mr Karsten von Wersebe, co-founder of Castor with Mr Stolzenberg. Mr von Wersebe's other interests include a controlling stake in York-Hannover, another troubled Canadian property group with strong European links. Until earlier this year, he also controlled Coutinho Caro, a bankrupt Hamburg steel, shipping and construction group.

Mr von Wersebe's companies have been at the centre of allegations in Switzerland that Rothschild Bank of Zurich, an associate of N M Rothschild of London, contravened banking rules by advancing more than 20 per cent of its capital in unsecured loans to a single customer.

Among the subjects on which Mr Stolzenberg is likely to be questioned are his links with Castor and Imry Merchant Developers, the UK property group in which he acquired a controlling stake in 1989.

Imry's affairs were discussed at a meeting in London last week between Mr Stolzenberg, Imry's other directors and officials of Barclays Bank, which has an exposure of just under £400m to Imry and faces huge losses on these loans.

SIB criticises life insurance sales practices

Continued from Page 1

ing and the professional competence of advisers, be they tied or independent".

Mr Large said regulators had been criticised for interfering too much in a business which was already suffering from the recession. "My view is that if we could all be satisfied that high and continually updated standards of competence were universal through the industry, then it might be possible to contemplate a less prescriptive approach to regulating the client-adviser relationship. But to be frank, we do not now have that confidence."

He said the key to tackling the problems was "the delivery of higher standards of learning, leading to greater competence."

Ms Jean Eaglesham, head of money policy at the Consumers Association, said: "It is a shame that after five years of the Financial Services Act, it is only now that the chief regulatory body has said this. Mr Large is right to pick out remuneration as well as lack of competence as a key factor."

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Altana Ind	517.5	+	6.5
Bilf. & Berger	678	+	8
Fag Kugelfischer	116.5	+	6.5
Industrie Werke	255.5	+	9.6
Falls			
Heidelb Zem	808	–	12
Volkswagen	267	–	3.7
New York ($)			
Rises			
AMR	64 1/4	+	1 1/8
Caterpillar	54 5/8	+	1/4
Du Pont	47 3/4	+	1 1/2
IBM	65 7/8	+	5/8
Ohio Bancorp	30 1/4	+	4 1/4
Falls			
USAir	13	–	1/8
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Accor	563	+	18
Docks de France	406	+	14
Eaux Cie Genl	2005	+	74
Falls			
AGF	416	–	12
Coparex Int	589	–	26
Union Immob Fr	461.3	–	17.6
Tokyo (Yen)			
Rises			
Konami	2260	+	300
Nichiban	606	+	70
Nippon Conveyor	564	+	79
Saitama Sen K	210	+	25
Falls			
Japan Casting	230	–	18
Tokai Kanko	210	–	14
London (Pence)			
Rises			
Brit Airways	279	+	8
Friendly Hotels	147	+	8
Lloyds Chem	252	+	11
Pegasus	100	+	10
Platignum	42	+	3
Reuters	1331	+	37
Savoy A	588	+	103
[illegible] Beach A	554 1/2	+	12 1/2
Tate & Lyle	380	+	11
Thorn EMI	833	+	17
Tomkins	229	+	7
Trafalgar Hse	94	+	7 1/2
Wolseley	502	+	18
Falls			
AMEC	68	–	4
Alexanders	12	–	5
Anglian Wtr	472	–	12
Brown Shipley	40	–	6
Grassby	123	–	12
Kewill Systems	67	–	6

World Weather

UK Today: Rain, heavy in places, over south-west England, spreading north-east and reaching northern areas by evening. Showers over north and west Scotland. Becoming drier over southern counties during the day.

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Cairo	S	19	66	Inverness	R	7	45	Milan	Fg	6	43	Salzburg	C	8	46
Ajaccio	S	15	64	Cape Town	S	32	90	Isle of Man	C	11	52	Montreal †	C	6	43	S Francisco †	C	12	54
Algiers	S	21	70	Cardiff	C	10	50	Istanbul	F	13	55	Moscow	Sn	-2	28	Seoul	S	1	34
Amsterdam	F	9	48	Chicago †	F	-4	25	Jersey	F	10	50	Munich	S	8	46	Singapore	F	29	84
Athens	S	20	68	Cologne	S	9	48	Johannesburg	F	20	68	Nairobi		–	–	Stockholm	Fg	3	37
Bahrain	F	19	66	Copenhagen	S	7	45	Las Palmas	S	23	73	Naples	F	20	68	Strasbourg	S	10	50
Barcelona	C	17	63	Corfu	S	18	64	Leeds	F	10	50	Nassau		–	–	Sydney	S	22	72
Beijing	S	0	32	Dallas †	S	-2	28	Lisbon	Fg	12	54	Newcastle	F	10	50	Tangier	S	20	68
Belfast	C	9	48	Dublin	C	10	50	Locarno	S	17	63	New Delhi	S	21	70	Tel Aviv	S	17	63
Belgrade	F	12	54	Dubrovnik		–	–	London	F	11	52	New York †	S	9	48	Tenerife	S	23	73
Berlin	F	7	45	Edinburgh	R	8	46	Los Angeles †	F	16	61	Nice	S	17	63	Tokyo	S	10	50
Biarritz	S	17	63	Faro	S	20	68	Luxembourg	S	5	41	Nicosia	S	16	61	Toronto †	S	3	37
Birmingham	C	8	46	Florence	F	17	63	Madeira	S	20	68	Oporto	S	15	59	Tunis	S	23	73
Blackpool	F	9	48	Frankfurt	S	9	48	Madrid	S	9	48	Oslo	Dr	-2	28	Valencia	S	20	68
Bombay	S	32	90	Geneva	S	9	48	Majorca	S	21	70	Paris	S	6	43	Vancouver †	R	8	46
Bordeaux	F	13	55	Gibraltar	S	16	61	Malaga	S	18	64	Perth	S	27	81	Venice	S	13	55
Boulogne	[illegible]	[illegible]	[illegible]	Glasgow	[illegible]	[illegible]	[illegible]	Malta	[illegible]	[illegible]	[illegible]	Prague	[illegible]	[illegible]	[illegible]	Vienna	[illegible]	[illegible]	[illegible]
Bristol	[illegible]	[illegible]	[illegible]	Guernsey	[illegible]	[illegible]	[illegible]	Manchester	[illegible]	[illegible]	[illegible]	Reykjavik	[illegible]	[illegible]	[illegible]	Warsaw	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	Helsinki	[illegible]	[illegible]	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	[illegible]	[illegible]	Washington †	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]	Hong Kong	[illegible]	[illegible]	[illegible]	Mexico City	[illegible]	[illegible]	[illegible]	Rio de Janeiro	[illegible]	[illegible]	[illegible]	Wellington	[illegible]	[illegible]	[illegible]
Buenos Aires	[illegible]	[illegible]	[illegible]	Innsbruck	[illegible]	[illegible]	[illegible]	Miami †	[illegible]	[illegible]	[illegible]	Rome	[illegible]	[illegible]	[illegible]	Zurich	[illegible]	[illegible]	[illegible]

Temperatures at midday yesterday. † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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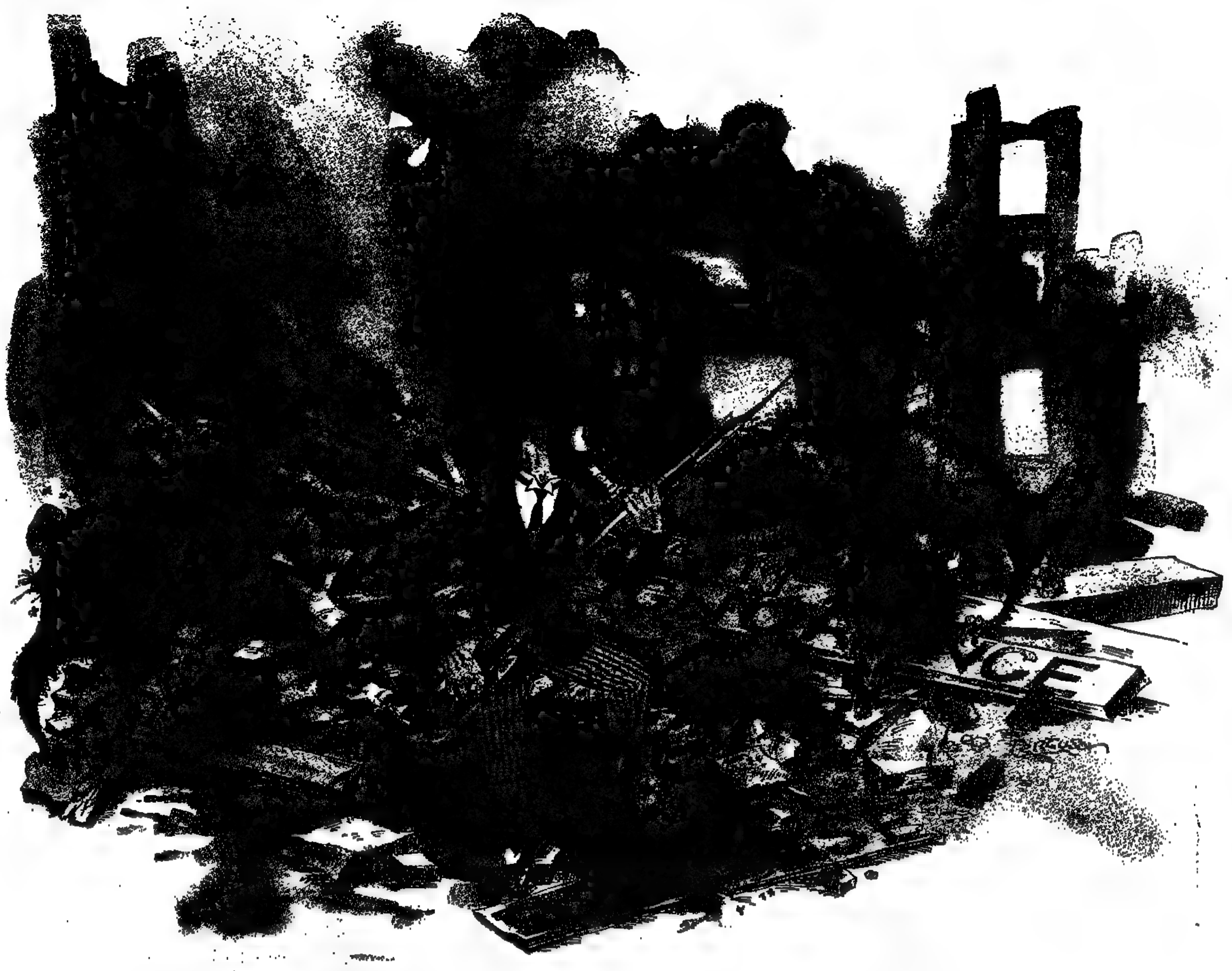
Weekend FT

SECTION II — Weekend November 28/November 29 1992

One man's war against the evils of society

*Fifty years ago, Sir William Beveridge battled to establish the welfare state amid the horrors of world conflict. **John Willman** asks, did he succeed?*



THE ALLIED guns had turned the tide of war at El Alamein in North Africa. The Nazi advance across the frozen Soviet Union was held up at Stalingrad, but mainland Europe from the Atlantic to the Urals was still under Hitler's thrall.

Winston Churchill was at his desk as usual in Downing Street on a bleak November day in 1942 when a heavy report dropped on to the maps and directives spread before the prime minister. This volume was to change the face of Britain in a way that no German blitz could do. It was the blueprint for a welfare state.

Now 50 years later, the shortcomings in Sir William Beveridge's vision of a comprehensive welfare system can be seen all too clearly – even though some of the faults stem from the way in which his plans were implemented. At the time, the Beveridge report sent shockwaves throughout Whitehall and Westminster, fatally damaging Churchill's hopes of post-war re-election as he strove to balance the huge potential cost of a welfare state against public enthusiasm.

Ministers had expected the proposals to be much more modest. Beveridge's inquiry had been set up in June 1941 at the request of the Trades Union Congress to tidy up the confusion of inadequate social and medical insurance schemes. No one expected him to start a revolution.

But the opening phrases showed the grandeur of his vision: "A revolutionary moment in the world's history is a time for revolutions, not for patching...Want is only one of the five giants on the road of reconstruction. The others are Disease, Ignorance, Squalor and Idleness." The defeat of these evil giants would require sweeping changes and big money.

As soon as the Treasury counted the costs, it opposed the reforms – and Churchill was joined by other influential ministers in questioning the expense, scope and timing of such an ambitious plan. Beveridge, indeed, received no support from the cabinet except from Brendan Bracken, the information minister. But after some skilfully-engineered press leaks, he succeeded in getting the report published on December 2, 1942.

The reception was rapturous. A mile-long queue formed outside the government bookshop for the 300-page report. It became a best-seller, with 250,000 copies sold that year. A cheap edition was sent out to the armed forces, 50,000 copies were sold in the US, and summaries in many languages were parachuted into occupied Europe.

One Londoner quoted by Mass Observation, the opinion research organisation, said that the publication of the Beveridge report ranked with VE Day (for Victory in Europe) as one of the two most memorable days of the war.

A Gallup poll at the time showed that 95 per cent of the population knew about the report and overwhelmingly approved of it. A complete translation was circulated in Germany, marked "Top Secret". Copies of the Nazi response to Beveridge were discovered in the remains of Hitler's Berlin bunker.

Beveridge even made it on to ITMA *(It's That Man Again)*, the popular radio comedy programme starring Tommy Handley and listened to by millions. Handley was introduced as "His Fatuity, the minister of Social Hilarity", who had "been up the last three days and nights reading the first chapter of a book called *Gone with the Want* by that stout fellow Beveridge".

But the report's transition from vision to reality took three more years. The delay hurt the popularity of Churchill and the Conservatives in his coalition government, in spite of three white papers on the subject and the introduction of the Family Allowances Act. The public's impatience for change was one of the main reasons for the Labour party's landslide election in 1945. The baton for social revolution passed to Clement Atlee.

Ironically, Beveridge had become chairman of this inquiry because his bosses at the Ministry of Labour wanted to be rid of a turbulent academic and gave him a job where they fancied he could do little harm. He remained master of University College Oxford when he was co-opted into the service of the wartime government, along with other distinguished academics, such as Maynard Keynes and James Meade.

He took charge of manpower planning in the Ministry of Labour in 1940 and soon began to annoy his minister, Ernest Bevin, the former trade unionist, with unsolicited advice on how to win the war. He drew this from his experience as a civil servant in the first world war when he helped to organise mass mobilisation and food rationing.

"He was a very clever man, and had done a good job on manpower," according to Tom Wilson, later the Adam Smith Professor of Political Economy at Glasgow University, who met Beveridge while working in the Cabinet Office secretariat. "But he was vain and terribly difficult to work with."

Bevin took the first opportunity to rid himself of this difficult man and when Beveridge accepted the chairmanship of the inquiry into social and medical insurance, he had tears in his eyes. Eighteen months later, his report with the unappealing title *Social Insurance and Allied Services*, was on the desks of unhappy ministers.

Churchill himself was not opposed to the idea of a more comprehensive welfare system. He had been responsible in 1909 for setting up labour exchanges and launching the world's first statutory social insurance scheme. But other compelling – and expensive – plans were being prepared: for educational reform, for slum clearance and for the reconstruction of industry. Churchill wanted to wait until after the war before committing the country to any particular scheme.

Beveridge recommended the creation of a comprehensive system of national insurance. Compulsory flat-rate contributions would be paid by employers, the insured and the state, to pay for universal benefits such as a retirement pension, sickness and unemployment benefit. These would provide bare subsistence and would be paid to everyone, unlike pre-war benefits which were subject to the hated means test. Those not covered by the national insurance system could receive national assistance as a safety net.

These recommendations alone required a sharp rise in spending, sweeping away the existing provision by friendly societies and the insurance companies. But the plan also vastly increased the power of the state, which for the first time would assume responsibility for the relief of poverty. Since the Elizabethan Poor Law of 1601, this had been the job of local authorities.

The report's revolutionary heart lay, however, in three explicit assumptions set out by the author. The abolition of want, squalor and the other three giants could be achieved only if family allowances were paid for each child; a free health service were made available to all; and the post-war government would guarantee full employment.

The Treasury, as guardian of the public purse was almost bound to fight the plans. In an effort to deflect this opposition, Beveridge discussed early drafts of his report with Maynard Keynes, who was then an economic adviser in the Treasury. Keynes was sympathetic and made several recommendations designed to minimise resistance by reducing costs in the early years.

Unfortunately for Beveridge, Keynes's optimism was counterbalanced by Treasury heavyweights such as Hubert Henderson, whose ability to foresee disaster was legendary. Treasury jeremiads found a willing listener in Churchill, who was angered by Beveridge's press leaks. Churchill's colleagues in the war cabinet also found Beveridge's

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The Long View/**Barry Riley**

Playing the percentages

HAVING DEALT with inflation by means of a two-year cold shower in the European exchange rate mechanism the government now feels able to move on to tackle today's more pressing problems, like rising unemployment and lack of economic growth.

Unfortunately old habits – of which inflation is a persistent British one – die hard. Yet there is a surprising diversity of opinion over the seriousness of Britain's inflation after a substantial devaluation. Some economists are relaxed, seeing no dangers in the monetary statistics, and expecting inflation of no more than 1 to 3 per cent over the next year. Other pundits, however, see inflation (currently 3.6 per cent on the October reading) picking up next year to 5 or 6 per cent, where it would stay in 1994. This would, of course, be above the government's 1 to 4 per cent target range.

The Society of Business Economists seems to want it both ways, projecting this week that the Retail Price Index will rise by only 2 per cent in 1993 but by 6 per cent in 1994. As for the financial markets, the inflation rate implied by the gap between the yields on fixed interest and index-linked gilts is about 5 per cent, significantly higher than the 4 per cent just before Black Wednesday.

As always, it depends on precisely what you mean by inflation. Recent falls in interest rates are serving to reduce the headline rate of inflation because of the impact of lower mortgage outgoings. By next spring, assuming a further one-point cut in bank base rates, the cost of money could be as much as 4½ percentage points less than a year earlier. That might not all be passed on to housebuyers, but the corresponding reduction in headline inflation might be as much as two full percentage points, before dwindling later in the year. But then interest rates might easily rise again, producing a sharp flip upwards in the headline rate.

At least there will be no great new push from pay inflation over the next year. It looks as though average earnings growth will subside from 6 to perhaps 5 per cent. This would still be a bafflingly high figure in any but a British context, considering the rate at which unemployment is rising. But given the fall in the number of jobs and the possibility of a modest recovery in gross domestic product the cost of labour per unit of output may rise only slightly.

However, pay has risen much too fast for several years now. Average pay has climbed by 7 per cent in real terms since 1988 although the British economy is not producing any more than it was then. No wonder that the economic numbers simply do not add up. There has to be a cut in real incomes which will come about through rises in prices and indirect taxes.

Already food prices are jumping because of adjustments to the green pound. One economist, Peter Warburton of Robert Fleming, has warned of the wider potential impact of January 1 price lists as all kinds of import price rises are pushed through. In September the main problem was the devaluation against European currencies but some of those are being forced down too; the problem has shifted to the dollar against which sterling has come down by a quarter since August and by nearly 20 per cent since the beginning of the year. This affects not just imports from the US but also a wide range of dollar-priced commodities and many manufactures from the Far East which have a dollar link. Import penetration is heading towards 30 per cent of the goods consumed in the UK, and the overall trade-weighted devaluation has been 15 per cent.

The monetarists tend to brush this aside. Monetary growth has slowed, to 5 per cent on the M4 basis. But it is not easy to assess what is a non-inflationary rate of monetary growth. In the late 1980s the M4 growth rate of 16 per cent or so only partly came through to inflation because of rapid economic growth and a structural shift of savings into deposits (which were not really to be regarded as spending money). In the 1990s the shift is likely to be the other way, as savings are withdrawn and invested in assets outside the M4 definition, such as gilts or National Savings products. Given that economic growth is slightly negative at present you could argue that any M4 growth above zero could give warning of future inflation. Meanwhile the narrow money aggregates are beginning to accelerate.

For myself, I believe that imported price pressures will keep underlying inflation at 5 per cent next year, to which you can add at least a percentage point from the indirect tax rises which the government will be forced to implement next spring (there is already a warning of higher taxes on motorists to pay for the recent abolition of car tax). However, the mortgage interest effect might hold the headline rate at something near 4 per cent.

Beyond that, the risks multiply. Inflation is not going to get seriously out of control while the recession lasts, but what about the impact of a recovery?

Indeed, there is a chance that sterling will be forced much lower next year, certainly against the dollar, as the British government seeks to stimulate a sluggish growth rate. The 1993 balance of payments deficit, officially forecast at £15½bn and put by others at over £20bn (we would be living beyond our means to the tune of around £1,000 per family) could prove dangerous.

At this stage it is hard to see a way through the maze. If we are to find a non-inflationary route we will certainly need stronger institutions than we have now, and clearer guidelines than Norman Lamont's eclectic *pot-pourri* of money growth ranges, inflation targets and house price indices.

In 1993 the inflation statistics may be more misleading than usual, and in 1994 they could produce some unpleasant surprises. We may wish we could find another cold shower.

London Markets

A new flag is flying over the City

*By **Peter Martin**, Financial Editor*

THE Lutyens cupola on the Midland Bank building opposite the Bank of England carries a new, startling flag these days: the red and white triangles of Hongkong and Shanghai Banking Corporation.

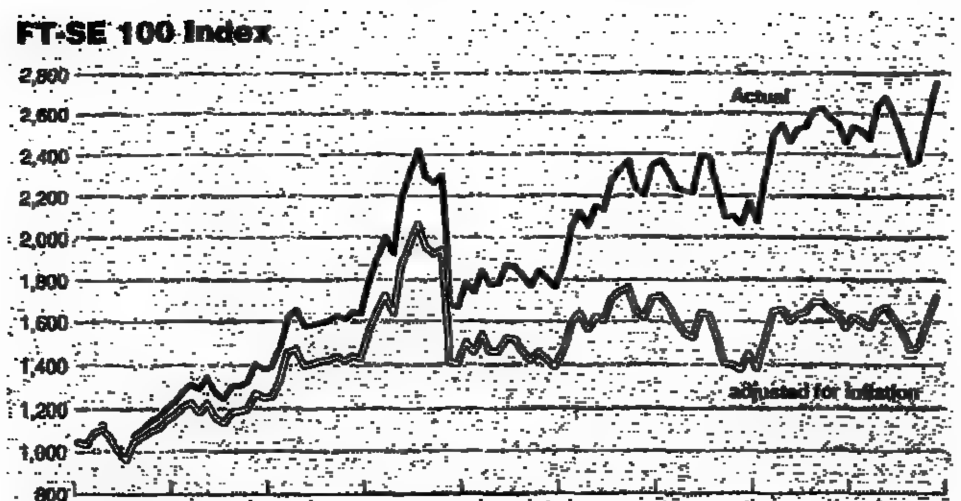
That symbolic presence in the heart of the City is reflected in the stock market. Silently, almost without anyone noticing, HSBC Holdings, the Hongkong Bank's parent, has become a powerful influence on the market's movements.

HSBC Holdings now makes up three per cent of the value of the FT-SE 100 index. Since its purchase of Midland Bank in July, when HSBC joined the index, its shares have more than doubled, pulling the index up with them. The sterling-denominated line of stock (there is also a line denominated in *Kong Kong dollars) was selling* at 236p earlier in the summer; it is now 523p, down from its high of 570p.

Why such a big rise? One analyst who follows the group closely offers a number of reasons. "Very crudely," he says, "one third of the rise was due to the devaluation of sterling – HSBC is probably the largest dollar earner in the UK market. Another 20-30 per cent is due to the rise in the Hong Kong stock market."

A third element is a greater familiarity with the share among UK investors and analysts. "In the past, when nobody here knew much about it, there was an obvious reaction: discount the growth. They now trust it more than they did, so that discount has dropped. And finally, the results in August were exceptionally good, and contrasted with yet another dismal set of earnings from UK banks."

The outlook for the stock hinges in part on political developments in Hong Kong – the shares have dropped back *from their highs as a result of* the row between Chris Patten, the colony's governor, and the government of China. But it is noticeable that the sterling line of stock, which originally traded at a 6-7 per cent discount to the Hong Kong dollar line, is now trading at a slight premium. Though the shares may still be under-represented in UK institutional portfolios, they are becoming a routine part of City life – just like the red-and-white flag.



HSBC stands out when you look at how the equity market has performed between May, when the FT-SE index marked a record close, and the fresh record set this week. On Friday, the index closed at 2,760.6, 28.2 points higher than the week *before and 22.8 points* above the record set on May.

Before turning to individual shares' performance, start by *looking at the upper line in the* chart. Since the index was launched, it has traced out – the collective frenzy of 1987 apart – a set of uneven oscillations around a strong central trend. Each new leg of the market is greeted with great excitement from the equity-watchers; lines drawn on charts; predictions of glory and despair. And all for nothing, because the underlying trend is quite clear: averaged over the period, a steady 12 per cent a year growth in the values of the country's leading stocks.

There are two ways, however, in which that tidy pattern is misleading. One of them is shown in the lower chart, which tracks the index in real terms, adjusted for inflation. *The underlying performance is* halved, to a trend growth rate of six per cent. More important, the steady pattern disappears. *Instead, the index traces* out three stages: double-digit real growth from 1984 to 1986; a wild surge up and down in 1987; and sideways movement thereafter. In real terms, share prices have budged very little in the past seven years.

Second, the neat pattern traced by the index conceals much bigger swings by industry sectors and companies. Between May and Thursday of this week, the index was unchanged. But bank shares have risen 16 per cent; and telephone and electricity utilities 14 per cent. Just as important, contractors have dropped 40 per cent and aerospace companies 37 per cent. Even *related businesses have* performed quite differently: composite insurers rose 11½ per cent, but insurance brokers fell 29 per cent.

Within those industry sectors, performance has varied widely. That is where HSBC comes in, pushing the banks into first place. Otherwise only Lloyds Bank, up 17 per cent, and National Westminster, with a rise of 7 per cent, can claim any glory. Bank of Scotland, Barclays, TSB and Royal Bank of Scotland all fell in value. (This week, interestingly, Barclays was a strong performer, closing up 17p at 373p – thanks to a sudden burst of unanimity among analysts who follow the stock that the dividend was safe.)

HSBC apart, none of the FT-SE gainers had a really outstanding performance over the period. But the real FT-SE basket cases would have lost you nearly half your money in six months. BET has fallen 48 per cent since May; Arjo Wiggins Appleton 46 per cent; and Rolls-Royce 45 per cent.

Such tales of woe apart, the market was driven on this week by one of its recurrent waves of optimism about the economic outlook. Leo Doyle, of Kleinwort Benson, drew attention to the fact that the volume of retail sales is back at record levels. (The shops only *seem* empty, he says, because there's Sunday opening and all that extra out-of-town space.) S.G. Warburg's economists listed nine separate pieces of positive news – though most of these were of the things-aren't-actually-getting-worse variety.

Still, as they point out, BT reported a 1-2 per cent year-on-year increase in inland telephone calls during the three months to end-September, in place of an expected 1 per cent decline. We do not know, of course, how many of those callers were Access employees trying to speak to the chancellor of the exchequer about the little matter of an overdue account . . .

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2760.1	+27.7	2760.1	2281.0	Better US economic data
FT-SE Mid 250 Index	*2627.6*	*+4.2*	*2625.8*	*2157.8*	*Attention returns to the blue chips*
BET	86	-26½	208	63	Dividend worries
BPB Inds	172	-17	198	123	Cuts interim dividend
Bass	*588*	*+23*	*665*	*472*	*Switching from Whitbread*
Cable & Wireless	670	+23	688	489	UK & US institutional meetings
Euro Disney	768	-45	1699	705	Paribas "sell"
Glaxo	*792*	*-33*	*949*	*632*	*European patent problems*
Grand Metropolitan	447	+33	518	360	Gatt agreement relief
ICI	981	-43	1410	975	Demerger valuation concern
Pegasus	100	-25	190	85	Company warns of losses
Redland	540	-33	566	300	Concern over European economies
Savoy A	588	+143	646	420	Hopes of renewed Forte bid
Thorn EMI	833	+53	886	633	Strong interim results
Tiphook	269	+30	478	214	Recovery / US buying

Serious Money

Odds in favour of fixed-rate offers

*by **Philip Coggan**, Personal Finance Editor*

NOW IS the time to get a fixed rate or capped mortgage while you can. Depending on the term, you can get a fixed rate mortgage charging anywhere between six and nine per cent. These represent very low rates by the standards of the past 20 years.

While Britain was in the exchange rate mechanism, one could have argued that the experience of the past 20 years was irrelevant; a new era of low inflation and low interest rates had dawned. But now Britain has left the ERM, it seems likely that the "good old days" of stop-go economics, higher inflation and volatile interest rates will be back.

In a sense, you are gambling whether you opt for a fixed or a variable rate mortgage; in the former case, you take the risk that interest rates might fall further; in the latter, you will lose out if rates subsequently rise. *There is never a* perfect answer, since no one can predict the future level of interest rates with any certainty. All homeowners can do is compare the potential downside with the upside.

It is hard to imagine, even on the most extreme assumptions, that UK mortgage rates could fall below five per cent. We can take that figure as the bottom of the potential range. For argument's sake, we could take the 15.4 per cent which most building societies were charging in 1990 as the highest level which rates might reach.

On that basis, current fixed rate offers are close to the bottom of the potential range. The most you might miss out on, if rates fall to historic lows, is two or three percentage points.

But if one looks back to September 1990, Nationwide was offering a five-year fix at 12.9 per cent. That rate was a lot nearer the top of the "range" than the bottom, and thus the downside risk was greater than the upside potential. And the bad news for those who opted for that deal is that there is a redemption penalty of six months' interest. So the odds are far more in favour of those opting for fixed rate mortgages now than they were in 1990, or earlier in 1992, when rates were still over 10 per cent.

But when you do opt for a mortgage, make sure that the lender does not tilt the odds too far in the opposite direction. Look at the arrangement fee; is it substantial and how many months of interest saving (compared with the current variable rate) does it represent? This is most important with very short term fixes.

A second factor is to check for the "extras" on which lenders frequently insist. Is the loan available on repayment or interest-only terms, or are endowment or pension policies required? And if the latter, can existing policies be used, or must the borrower take out a new plan?

IS contents insurance via the lender a condition of the loan and, if so, is the premium far in excess of that you would pay elsewhere? It is also important to discover whether the loan is "portable" – whether you can take it from house to house, if you need to move. And portability needs to be carefully defined; few people need a loan of exactly the same size when they move house. So what happens if the loan needs to be increased?

If there is no portability, check the redemption penalty carefully. A penalty of three or six months' interest could be very hefty if, for whatever reason, you need to stop the loan.

Then there is the status of the lender. The fixed term will eventually end, and then you will find yourself stuck with a variable rate. If you have chosen a high street name which is committed to the mortgage business for a long time, then you have a greater chance of being offered a competitive deal at the end of the fix.

And finally, there is the term of the loan. Given that the odds are currently in the borrower's favour, the longer the term of the fix, the better. However, the rate for a longer term loan will be higher than those available short term.

So how do the current offers stand against these principles? Unfortunately, the Halifax's capped deal, which offered rates no higher than 9.29 per cent until the year 2000, has sold out. But the society is now offering a fixed rate of 8.65 per cent until January 31, 2000.

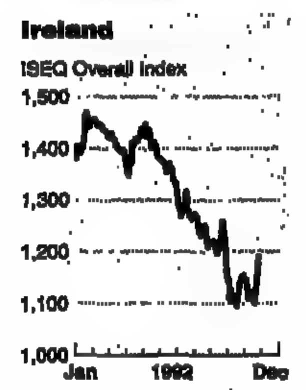
The application fee is a modest £175; the loan is available on repayment, as well as other types of mortgage; *the lender is* a well-known name; and the loan is portable (after 1994). If you move house and increase your loan, then the fixed element can remain; any excess will be charged at the standard variable rate. Should you stop the loan for any reason, the redemption penalty is three months' interest.

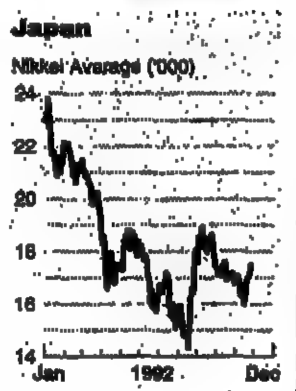
A lower rate deal, but for a shorter term, is on offer from Cheltenham & Gloucester – 7.99 per cent for five years. It is available on all types of mortgages, and no other policies are needed. The application fee is £250, and the mortgage is portable on the same basis as that from Halifax. Redemption penalty is six months' interest.

NatWest has a ten-year offer on the stocks, at 8.99 per cent, but this is only available on endowment and pension mortgages (although existing policies are acceptable). The arrangement fee is £250, but is waived for first-time buyers.

Many fixed rates deals are being snapped up within days of launch. Other deals are coming out all the time, so do not despair if you miss out on a particular offer. But do consider the option seriously; as Black Wednesday showed, you never know when the market might change for the worse.

AT A GLANCE





Irish investors do well out of poll turmoil

Irish investors have done very well out of the nation's turmoil of the last few weeks. While the country went to the polls foreign exchange dealers decided that the punt was overvalued, forcing short-term interest rates to apparently unsustainable levels.

All that uncertainty might have been expected to hit shares. But *instead, the market rallied by 8.68 per cent in a week after* a very poor year. Dealers wanted a devaluation, assumed it would take place, and priced stocks accordingly. Remember on Black Wednesday, just before the UK left the exchange rate mechanism when base rates hit 15 per cent, the FT-SE actually rose by 8.3 points.

Tokyo stock market rises

Sentiment that the Japanese government will embark on a *programme of fiscal expansion next year has helped push the* Tokyo stock market into its most prolonged run of price rises since February last year. This was not difficult, as the index fell steeply during the first few months of 1992.

Sentiment persists among foreign investors that the market is over-valued. The Nikkei index hit a low for the year of 14,309 in August, and on Friday stood at 17,470.61. However, this is still below the year's high (in September) of 18,908.

Trust to track smaller companies

Hoare Govett has launched an investment trust which will track its extended smaller companies index. A total of 50m shares at 100p each is available via a combined offer for subscription and placing. The new trust will own stakes in more than 200 companies, *with no individual stock likely to comprise more* than two per cent of its portfolio. This week, the Hoare Govett index (capital gains version) rose by 0.5 per cent to 1,109.8 over the seven days to November 26; the County index rose by 0.3 per cent to 857.62 over the same period.

Unit trusts reach £59.4bn

The value of unit trust funds under management reached £59.4bn at the end of October, the second highest figure ever. *The number of unit trusts also reached a high at 1,438,* reflecting a wave of recent launches. There was particular enthusiasm for international fixed-interest trusts and money market funds, which attracted a net £34m and £24m *respectively.* But the main impetus for the growth was the rise in share prices over the month.

New retirement guide

A new edition of the Good Retirement Guide has just been published. It includes chapters on financial planning, pensions, healthcare and investment options. It also covers hobbies, how to start a business and how to look for paid or voluntary work. *The Good Retirement Guide*, Rosemary Brown, (Kogan Page, £13.99. 488 pages).

Sun Life's long-term care plan

Sun Life has made a series of changes to its whole-of-life plan *which could allow it to be used to pay for long-term care bills.* The policy will now pay out if the insured person "loses their independent existence", so extra money could be provided for those with a long old age, before they die.

Wall Street

Recovery? It's enough to make Bush burn

GEORGE Bush is probably still gagging on his turkey and trimmings. *While the rest of the country* celebrated Thanksgiving this week, the outgoing president must have felt there was pre*cious little for which to give* thanks on Thursday, the most popular holiday in the American calendar.

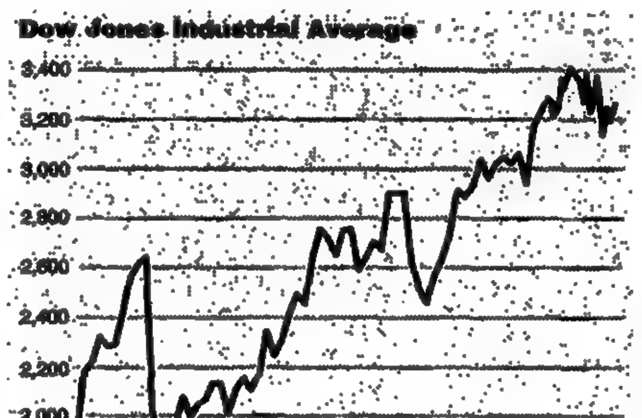
Less than a month after his election defeat, the economic recovery that Bush trumpeted repeatedly throughout his campaign – the economic recovery that no one else believed existed – looks to be picking up a nice head of steam, and the stock market is sitting up and taking notice.

We have been through this before, most recently in the spring and early summer of 1991 when economic activity gathered pace in the immediate aftermath of the Gulf war, only to drop back into a *swamp of stagnation a few* months later. Two new factors, however, make the recent bullish economic data convincing.

First, there is plenty of it: enough, at least, to suggest a sustainable trend is developing. Second, many of the numbers date back to a period before November, so a good deal of the improvements in business activity cannot be put *down to a giddy post-election* euphoria of the kind that created a false economic dawn in the UK.

Equity investors certainly seem convinced that something genuine is afoot this time. Blue chips have done well in the past 10 days. The Dow Jones index is up more than 100 points in the past week and a half; by mid-morning yesterday, it looked as if it might break the 3,300 mark for the first time since mid-September. It is the broader market, however, that has really caught fire. The Standard & Poor's 500 index is trading at an all-time high of just over 430, while the Nasdaq composite index is also in virgin territory. Yesterday morning, it was at 649.95 and rising to a new record.

These gains have not been achieved in a thin market, either. Turnover has been unusually strong of late. In only eight of the past 29 sessions has the volume of shares traded dropped below 200m and turnover has been in the



240m-250m range on several occasions, even topping 286m on one day.

Investor demand for equities is picking up because market conditions must look particularly appealing at the moment. The economy is growing at a solid pace, interest rates remain low, and *inflation still* appears subdued. There is also a plentiful supply of new cash – low interest rates mean that individuals are continuing to move out of poor-yielding short-term assets and into equities – and the IPO (initial public offerings) market has once again burst into life to mop up some of that new money.

It is the economic numbers, *though, that have generated* the most enthusiasm. On Tuesday, the news came out that durable goods orders had risen by 3.9 per cent in October, a much bigger increase than analysts had anticipated. Although the goods orders are *notoriously volatile, and the* latest data was affected by unsustainably high transport and defence orders, there were *promising signs of life* in electronic and electrical equipment and unfilled non-defence orders.

On the same day, the Conference Board announced that its index of consumer confidence had soared nearly 11 points to 65.5 in November, reinforcing the growing perception that consumers are beginning to feel appreciably more positive about their earning and spending prospects. With the all-important Christmas shopping season already beginning, this is especially good news for the retail sector.

The biggest statistic of the week was the newly-revised third quarter gross domestic product figure. When the original estimate of a 2.7 per cent increase in GDP was reported just before the election, many *Wall Street sages* voiced doubts about the veracity of the data, arguing that the numbers had been massaged to cast a more positive political light on economic conditions. In the event, the doubting analysts were right that *the figures were off-track. But* they proved to have under-estimated the extent of economic growth. According to the new *data, GDP grew* by a handsome 3.9 per cent in the July-to-September period.

The news must have made sad reading in the White House, where Bush's chief spokesman said valiantly that the "Bush recovery" was under way. But for President-elect Clinton, the growing economy is a double-edged sword.

It might make his job easier next year, but delivering the substantial fiscal-stimulus package he promised voters during the campaign becomes a riskier proposition. The last thing the US and its markets need next year, and in 1994, is an overheated economy.

Patrick Harverson

Monday	3223.04	– 4.32
Tuesday	3248.7	+ 25.66
Wednesday	3266.26	+ 17.56
Thursday	Holiday	

The Bottom Line

The sweet side of Tate's investment

THE Biblical tag that appears on Lyle's Golden Syrup tins *"out of the strong* came forth sweetness" might be reversed when applied to Tate & Lyle itself. Out of the sweet came forth strength could be its motto.

In spite of a disastrous year in a couple of its main activi*ties, the company increased its* dividend by 7 per cent to 12p. This show of confidence by the directors should indicate to investors that the sugar and sweeteners group will endeavour to increase its payout come what may.

That will mean that in the good years dividend increases may not match rises in earnings per share. But a smooth *dividend progression makes up* for a lot from a company subject to the vagaries of the weather as well as business cycles.

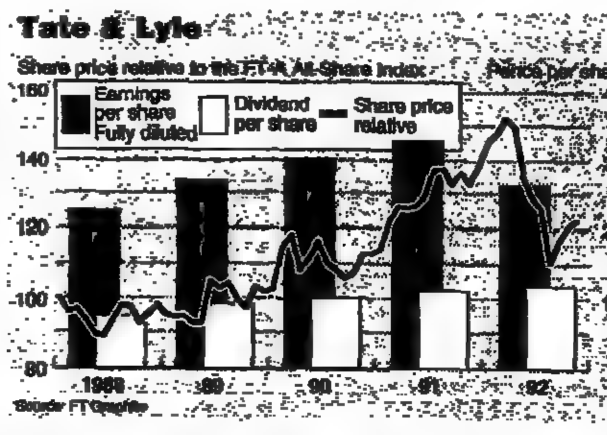
That said, the fall in profits for the year to September 30 from £230.8m to £189.5m, *reported this week, was the* first drop in 14 years. The wide range of countries in which Tate operates protects it from most of the swings.

But in the past year Tate's Staley business in the US, which makes high-fructose *corn syrup, a sweetener used* in soft drinks, was faced with an unusually adverse combination of events.

New capacity brought on stream by others made the market for HFCS particularly competitive just when the US *was suffering the second cold*est summer weather this century, dampening demand for soft drinks.

Lower volumes and lower prices have a powerful effect on profits in such a high fixed cost business.

Profits from Staley dropped



by more than £30m to £65.3m before interest. Market circumstances cannot have been entirely to blame. Tate has appointed a new chief executive in the division with experience in the corn milling industry.

The group appears confident that volumes will recover filling surplus capacity in the industry and helping prices.

The other problem area was US sugar beet processing, and profits in the US sugar division were down nearly £20m despite a good performance by the cane sugar side. Again the weather was to blame. Beets dug up and stored in the fields awaiting processing first froze and then thawed unseasonably, making them hard to process.

In spite of these reverses, *and a number of one-off costs* relating to redundancies and write-downs, the group was still able to cover an increased dividend more than twice. And it continued to invest at a high level, despite gearing of 89 per cent. While this level of borrowings would be a concern in many companies, Tate's strong cash generation should prevent it from becoming a problem.

Tate's investment should turn it into a worldwide player in the sugar and sweeteners industry. Long established in the UK, and for some time in North America, Tate moved into Australia in 1991, and is expanding in Eastern Europe.

While sugar might be regarded as a mature, commodity-type business in the developed world, consumption in places such as Russia is much lower than in the decadent west. Neil Shaw, Tate's chairman, is fond of remarking that the growth in the world sugar market is equivalent to a new market the size of the UK opening every year. This gives Tate opportunities to expand.

Decent returns from these businesses are likely to be some years on. Meanwhile, a full recovery in earnings is expected in the current year. The shares have risen 34p since the results were announced on Wednesday, closing yesterday at 390p. A rebound to 33p of earnings gives a prospective p/e of under 12, which is still on the cheap side.

Maggie Urry

FINANCE AND THE FAMILY

For those with £50,000 to spare . . .

*Five financial advisers explain to **Philip Coggan** how they would spread their investment portfolios to maximise capital growth*

CAPITAL growth, rather than income, is normally the goal for savers who are working. This is especially the case as few people use up their annual capital gains tax (CGT) allowance (£5,800 in 1992-93) but most income-producing investments incur an immediate income tax liability.

So, the *Weekend FT* asked a group of financial advisers to recommend a portfolio of £50,000 for an investor seeking capital growth. For simplicity, it was assumed that the investor was a single person paying top rate tax.

Investors should remember that, with some of the policies recommended, commissions and other initial charges will take a chunk out of their capital. But four of the five advisers have recommended index-linked National Savings (NS) and tax-exempt special savings accounts (Tessas), where there are no additional charges, while the costs involved in buying index-linked gilts through the post office are relatively low.

Unit trusts and single premium bonds will incur bid-offer spreads of 5-8 per cent, however, and investment trust dealing will also involve stamp duty, brokers' commission (in some cases), and a bid-offer spread (which will vary with the liquidity of the trust).

The costs mean these portfolios should be considered only for long term investment. Note also that the advisers recommend a broad spread of investments with exposure to bonds, equities, tax-efficient products and a measure of inflation protection.

■■■

DAVID HARRIS, of Chantrey Financial Services in London, says: "I believe that economic uncertainty in the UK, and turmoil in the exchange rate mechanism, makes it paramount for investors seeking capital growth to retain a prudently balanced portfolio, seeking to protect them from fluctuations within equity, cash or fixed interest markets." He includes both index-linked gilts and NS and stresses: "Individuals must recognise the threat of inflationary trends, even though predictions are for lower inflation rates in the foreseeable future."

In the equity field, Harris says: "My selection of Newton for the Pep [personal equity plan] investment is based on the fine historic record of the Newton Income fund. Both the Mercury and Schroder selections reflect broadly based, conservatively managed UK portfolios. The Fidelity Special Situations trust has had a poor record during the recession, but is the type of trust that is ideally placed to benefit from an upturn in the UK economy."

Harris also includes the Fleming Far Eastern investment trust which "should offer individuals good long term performance prospects from the wide range of economies available in this geographical sector."

He adds: "The Baring and Kleinwort Benson fixed interest funds provide a sensible balance to this equity exposure."

His recommendations are:

- ■ 6th issue of index-linked NS certificates. Amount £5,000.
- ■ Treasury 2.5 per cent index-linked gilt 2003. Amount £6,000.
- ■ Tessa account. £3,000.
- ■ Personal equity plan in Newton Income unit trust. Amount £6,000.
- ■ Baring's offshore International Bond fund. Amount £5,000.
- ■ Kleinwort Benson's offshore gilt fund. Amount £5,000.
- ■ Schroder's UK equity unit trust. Amount £5,000.
- ■ Mercury's British Blue Chip unit trust. Amount £5,000.
- ■ Fleming Far East investment trust. Amount £5,000.
- ■ Fidelity Special Situations unit trust. Amount £5,000.

■■■

RICHARD ALLEN, of Willis Corroon Financial Planning, says: "Advantage should be taken of most of the tax-exempt investments appropriate to a higher rate taxpayer, with the final portfolio consisting of approximately 50 per cent in equities and 50 per cent in secure or balanced investments."

He first chooses a £3,000 Tessa investment with the Leeds Permanent, which pays 7.5 per cent tax-free, and adds the 6th issue of index-linked NS, which will pay 3.25 per cent above inflation tax-free if held for five years. Allen would then split £16,000 between three single premium investment bonds – a with-profits bond from Prudential Holborn, and unit-linked bonds from Sun Life and Standard Life. He says income could be accumulated but withdrawals could be taken later.

He also suggests investing £6,250 (allowing for charges) in a Pep with TR City of London investment trust, and a similar sum in a Clerical Medical High Income Pep, when the new tax year starts in April. Extra equity exposure would be gained through the Foreign & Colonial Investment trust and Framlington's Recovery unit trust, re-investing income in all cases.

Allen adds a £5,000 holding in Whittingdale's Short Dated Gilt fund, pointing out: "Assuming interest rates continue to fall, the value of this fund should increase. But it should be encashed in about two years' time to fund a Newton Income Pep for the 1994-95 tax year. Finally, Allen is left with £500, which could be invested in premium bonds "or into a case of Chateau Mouton Rothschild which, if it fails to appreciate, could be appreciated at a retirement party."

His selections:

- ■ Tessa with the Leeds Permanent. Amount £3,000.
- ■ 6th issue of index-linked NS. Amount £5,000.
- ■ Whittingdale Short Dated Gilt fund. Amount £5,000.
- ■ Prudential Holborn with-profit investment bond. Amount £8,000.
- ■ Sun Life Deferred Distribution bond. Amount £5,000.
- ■ Standard Life Managed bond. Amount £5,000.
- ■ TR City of London investment trust Pep. Amount £6,250.
- ■ Clerical Medical's Equity High Income Pep. Amount £6,250.
- ■ Foreign & Colonial investment trust. Amount £4,000.
- ■ Framlington Recovery unit trust. Amount £4,000.
- ■ Premium bonds/Mouton Rothschild. Amount £500.

■■■

CLIVE SCOTT-HOPKINS, of the Windsor-based Towry Law, has chosen a portfolio with a strong equity bias. "With interest rates on the decline worldwide, there are growth opportunities in world equity markets – especially the UK, US and Far East, with Europe and Japan likely to pick up later in 1993 – that we have not seen since the crash of 1987."

Scott-Hopkins chooses Perpetual's Growth & Income unit trust in a Pep. He says the international fund has been "second in its sector since its launch in 1989. Its assets are 50 per cent in the UK/Europe and 50 per cent in the US/Far East." He adds a single company Pep run by Kleinwort Benson.

For investment and unit trusts, Scott-Hopkins puts half the portfolio in his own company's discretionary service, managed by Mercury Asset Management. He adds a £6,000 investment in Exeter's zero preference unit trust which, he says, is "the only authorised unit trust specialising in the management of zeros, with average redemption yields of 9 per cent and greater immediate growth as interest rates fall further."

Finally, Scott-Hopkins recommends putting £10,000 in a bank-backed business expansion scheme (BES). He says there are a number in the pipeline, with banks providing a contractual exit route in five years and a six month loan-back option. (Note that the latter is not available for basic rate taxpayers).

His recommendations are:

- ■ Personal equity plan. Perpetual's Growth and Income fund. Amount £6,000.
- ■ Single company Pep. Kleinwort Benson's managed plan, present choice Cable & Wireless. Amount £3,000.
- ■ Towry Law's investment and unit trust discretionary service. Amount £25,000.
- ■ Exeter Zero Preference unit trust. Amount £6,000.
- ■ A bank-backed BES. Amount £10,000.

■■■

JAMES HIGGINS, of London-based advisers Chamberlain de Broe, says it is pointless trying to distinguish over the long-term between pensions and investment.

If the individual's pension needs are not met fully, he feels the maximum possible investment should be held in this area. Otherwise, Higgins suggests a portfolio designed for medium term growth and tax efficiency.

First, he proposes a single company Pep, with a high yielding utility such as Bristol Water. He then adds a general Pep using the income shares of split capital investment trusts.

"As well as generating a high yield, they can offer the prospect of capital growth," says Higgins. "For example, Jove and River Plate both offer yields of over 12 per cent. As interest rates fall, there is some scope for the price of these shares to rise."

Another class of split trust shares favoured by Higgins is the zero preference. "For reasons of security, we like the fully covered shares which offer a fixed redemption price at a given date," he says. "Compared with deposit rates, these returns are very attractive indeed. "For example, TR Technology offers a gross redemption yield of over 8.5 per cent, a return which will be classed as capital gain for tax purposes."

Higgins puts £14,200 in zeros and £1,800 into a Tessa on the ground that many investors will be past their first year of contributions by now. He adds index-linked NS and a "cash-back" BES, covering a further £15,000.

Finally, he puts a further £10,000 in a managed currency fund, saying: "While there is blood being spilled in the currency markets, these funds have the opportunity to make money – much more so than in relatively stable times. We particularly like the Hambros EMMA Managed fund because that covers bonds as well as currencies."

His recommendations are:

- ■ General Pep in income shares of split level investment trusts, for example Jove and River Plate. Amount £6,000.
- ■ Single company Pep in Bristol Water. Amount £3,000.
- ■ Zero coupon shares of split level investment trusts – for example, TR Technology. Amount £14,200.
- ■ 6th issue of index-linked NS certificates. Amount £5,000.
- ■ A cash-back BES. Amount £10,000.
- ■ Managed currency fund. Amount £10,000.
- ■ Tessa. Second year instalment. Amount £1,800.

■■■

JOHN COLE, of London-based adviser Berry, Birch and Noble, says: "A balance needs to be struck between what we believe are opportunities for above-average returns in equity-related areas and the need to maintain an investment spread which includes more secure areas of growth. There is a danger of inflationary pressures growing in the economy."

Cole chooses the 6th issue of index-linked NS certificates, plus a further £6,000 in an index-linked gilt, and adds: "Although relatively small, a Tessa is worth including. We would also like to set aside £10,000 of capital for investment in a BES – in particular, a scheme with an assured exit route. The tax relief of £4,000, which would come back next year, would be used to fund part of 1993-94's Pep entitlement."

As a Pep, Cole chooses the Murray Income trust which, he says, has a "reasonable yield." Finally: "We would like to see more geographical spread into international sectors and, in the circumstances, would recommend NM's discretionary Unit Trust Portfolio Management Service.

"Their capital growth portfolio allows unit trust selections to be made from the market place without restriction and, most importantly, is a fee-based service."

His suggestions are:

- ■ 6th issue index-linked NS certificates. Amount £5,000.
- ■ Treasury 2 per cent index-linked 2006. Amount £6,000.
- ■ BES. Amount £10,000.
- ■ Tessa from Leeds & Holbeck. Amount £3,000.
- ■ Murray Income trust Pep. Amount £6,000.
- ■ NM Unit Trust Portfolio Management Service. Amount £20,000.

Bonuses feel the squeeze again

*Drop in with-profits pay-outs angers policyholders, reports **John Authers***

WITH-PROFITS bonuses are on their way down again, arousing anger from policyholders. Normally, bonuses and pay-outs rise steadily and nobody pays much attention to the complicated way they are worked out, or the massive discretion left to actuaries. But investment returns have been so bad over the past few years that final pay-outs are sliding, revealing the creakings of the life office system.

The system is based on two types of bonus: reversionary, which are declared each year and, once announced, cannot be taken away; and terminal, which are added once the policy has matured.

Reversionary bonuses have an element of security because they are backed by gilts or other fixed interest investments. Using terminal bonuses permits more flexibility to profit in the long term from equities. The system also allows the peaks and troughs of the market to be smoothed out.

Unfortunately, the drop in markets in 1990 was not followed by reductions in bonus because companies continued to anticipate a recovery that never arrived. That bad year must soon be reflected in pay-outs to investors.

Terminal bonuses can easily be altered, making final pay-outs volatile. And reversionary bonuses can be an awkward drag on a company's reserves when times are hard. So, both are under pressure.

Scottish Equitable announced this week that it will cut its terminal and interim reversionary bonuses from December 1. The general effect is to reduce the cash amounts paid to policyholders on maturity by around 5 per cent, with cuts being greater for short-term policies. The company will not be writing to individual policyholders, however.

Marketing director Bill Stewart denied the move was needed to shore up reserves, and said: "The rates of return available on investments worldwide are such that it doesn't matter how good you are at investment – it just hasn't been possible over the past three years to earn returns to maintain bonuses at current levels."

Beale Dobie, which makes a market in endowment policies by buying them from investors who need cash and then selling them, has decided to cut its prices on the assumption that there will be a 10 per cent reduction in all reversionary bonus rates as well as terminal bonus rates on policies with an original term of 18 years or less.

Beale Dobie expects terminal bonuses to fall by only 5 per cent for longer-term policies of 19 years or more because the bad stock market returns since Black Monday in October 1987 have had a proportionately greater effect on shorter policies.

This makes policies cheaper by about 3 or 4 per cent. The company admits that the assumptions are crude but believes them to be realistic.

A change in the assumptions used by secondhand policy marketmakers seems overdue. One *Weekend FT* reader, Benjamin Lemer, was angry to discover that the pay-out on a Scottish Amicable policy he had bought, which matured in October this year, was £14,457.60.

When he bought the policy secondhand, it had been calculated that it would make £15,218.53 if bonus rates were maintained. He then discovered that terminal bonuses had been cut on September 1.

Lemer complained that policyholders were entitled to full information and that Scottish Amicable was "attempting to hoodwink them into believing your performance is better than it is."

Scottish Amicable responded by providing a list of the 16 times it has altered its terminal bonus over the past 10 years (none of which was announced generally to policyholders) and made clear that "the rate of terminal bonus can be altered or suspended at any time whatsoever."

The company claimed it would be "totally inappropriate" to make announcements of all terminal bonus changes because it "would not wish to build up anticipation of the amount of the terminal bonus in the minds of individual policyholders."

Maurice Paterson, of Scottish Amicable, said that any projection of the maturity value provided by the office itself would have been conservative, and added: "I suspect the secondhand price might have been less if our more conservative quote had gone out."

Another reader, S.J. Martin, noticed in his statement from Pearl Assurance that his terminal bonus had been reduced from £9,892.29 for 1990 to £8,742.17 for 1991, meaning that the on-going value had dropped.

In response to his complaint that his "with-profits" policy had made "no profits" for 1991, Pearl made a telling response: "You have not lost any money as the terminal bonus was not guaranteed and would only have been applicable if the policy had become a claim in that year."

Terminal bonuses are fragile things, and investment returns on with-profits policies are much more variable than many people realise. But it is important to remember that life insurers are acting prudently and taking steps which are, ultimately, in the interests of policyholders.

What the present difficulties do suggest, however, is that the public does not understand the policies they are sold. The case for providing investors with much more information when they buy looks even stronger.

Lords rebuff taxman

*Right to perks is upheld, reports **Andrew Jack***

THE FUTURE of employee benefits was put on firmer ground this week because of a landmark ruling by the law lords. But it has come only at considerable cost: the need to take politicians more seriously.

The case of Pepper vs Hart, which was settled in a lengthy statement on Thursday from seven law lords instead of the normal five, has safeguarded many employee benefits from additional tax in the short term.

At stake was whether 10 masters from Malvern school should be assessed for tax on the difference between the reduced fees they paid for their own children and the average cost per pupil of attending the school.

The teachers – led by John Hart, a senior master – argued that they should have been assessed merely on any difference between the reduced fees and the marginal cost of the fees – covering expenses such as books, food and laundry.

The Inland Revenue had been arguing with the teachers since 1983 that the benchmark should be the average cost. Had it won, the implications would have stretched far beyond Malvern. Perks provided by thousands of other companies to their employees – particularly in London – would also have been affected.

That would have included staff receiving subsidised travel or cheap food, using a company's sports facilities or club memberships, or buying goods from their employer at a discount if they worked for a manufacturer.

'Remarkable break with tradition'

The final House of Lords appeal has determined that the teachers' use of marginal cost should be upheld. That has caused considerable relief from tax experts and companies around the country. Many employers were delaying restructuring their benefit programmes as they awaited the outcome.

Some had threatened to simply scrap the perks on offer to staff rather than change them if the ruling found in favour of the Revenue. Others which have followed the Revenue's guidance already and structured benefits around average cost, will have to re-think their position. Some which use marginal cost – but where this cost exceeds average cost – will also be affected adversely.

More fundamentally, there is still the risk that the Revenue – which had been confident of victory – will now try to introduce new legislation explicitly using average cost. It says it is considering its position. Next year, it has the luxury of two budgets in which it could make these proposals.

Strict interpretation of the letter of the law in the 1976 Finance Act meant that Pepper vs Hart almost certainly would have been settled in the Revenue's favour. But in a remarkable break with tradition – with potentially huge constitutional implications – the law lords agreed to go beyond the strict letter of the law.

They considered the intention of ministers when debating the bill before it was converted into legislation. Whatever the future changes in tax on benefits, ministers' speeches will have gained a new prominence.

FINANCE AND THE FAMILY

Shift in pension tax incentives planned

THE Department of Social Security has let it be known that it is studying how to shift its system of tax incentives for personal pensions to give greater benefits to older people at the expense of younger ones.

For the personal pension policyholder, this could be the best news for some time. Depending on how tax rebates are restructured, it could offer large tax incentives to those in their 50s earning high salaries. However, it will mean that people in their early 20s will no longer be offered the generous tax incentives which have encouraged millions to sign up for personal pensions.

The debate over whether the government should maintain its system of flat tax rebates or stagger them according to age is a complex one. Initially, the government chose flat rate rebates for two reasons: administering staggered rebates would be difficult; and the life insurance industry believed that unless young people were offered big inducements, they would not buy pensions at all.

From the government's point of view, the question is how tax incentives can best be structured to encourage people to choose personal pensions over those provided by the state. Evidence suggests that the current structure does not do so. The National Audit Office in 1991 estimated that the tax rebates offered to personal pension holders between 1988 and 1993 will cost £5.9bn more than they will save.

Under the current system of flat-rate rebates, all working people are offered the same tax rebate to opt out of the State Earnings Related Pension Scheme. This has proved a big advantage for young people because the amount of rebate available allows them to buy a far larger pension with their contribution than they will get by contributing the same amount into Serps.

However, as people age, larger contributions are theoretically needed to purchase a pension of the same size. Thus, the tax rebate is of little value to people in middle age and it is in their interest to opt back into Serps. The effect of this tax structure is that large amounts of revenue are spent encouraging people to buy personal pensions with only very small ensuing reductions in payouts by Serps.

Peter Lilley

"Only by moving to a system of age-related rebates can the government bail itself out of its embarrassment," said Ron Spill, head of pensions at Legal and General, a big seller of personal pensions.

Actuaries differ as to when it becomes unattractive to remain contracted out of Serps. But at the current level of rebate of 5.8 per cent of tax on the upper band of average earnings, most actuaries believe that men in their late 40s and women in their early 40s would be better off contracting back into Serps.

On Monday, Peter Lilley the Social Security secretary, is to lay a bill before Parliament reducing the tax rebate to 4.8 percent with a one per cent additional rebate for those over 30. This is expected to cost £165m in tax rebates in the 1994-95 year but will save an estimated £200m in Serps expenditure by keeping individuals out of the system. Spill estimates that without that rebate, 1m to 1¼ m of the 4.7m personal pension holders in Britain would have had to opt back into Serps.

Figures from the government actuary's department show that unless there is a shift to age-related rebates, the flat-rate rebate will reduce sharply into the next century. This is because the government had to set the rebate high enough to encourage older people already in Serps to opt out of it. But as those people retire, the need to maintain rebates at that high level eases and by 2016, the rebate need be no more than 3.5 percent.

The department estimates that a 3.5 per cent tax rebate means that contracting out will be attractive for men only into their early 30s and for women in their late 20s. "Women after a spell would just have to stay in Serps. It would not be worth it to contract out at all," Spill said.

If the current system remained, many people would return to Serps and no net savings would ensue.

However, the government has said that it is considering a system of age-related rebates from April 1996. In addition, the government is considering whether to offer the rebates simply to personal pension holders or to members of other pension schemes such as occupational plans.

Actuaries believe that because of the complexities of staggering rebates through the average 40-year working career, it is most likely that the Department of Social Security will devise a series of "bands".

As people age and move into upper bands, they will become entitled to larger and larger tax rebates. Legal and General estimates that if the state pension age is equalised at 65, the rebate for teenage personal pension holders could be as low as two per cent rising to 11 percent for those reaching 60.

Norma Cohen

Directors' Transactions

THE HUGE sale in Betterware dominates the week. With the bulk of the shares retained by the founding Cohen family, this disposal of 1.25m was executed by a trust of which the children of managing director Andrew Cohen are beneficiaries.

The trustees are not members of the family and the sale was made to diversify the portfolio. Betterware interim results were far in excess of brokers' expectations.

Shares in Etam, the high street clothing retailer, have outperformed the market over the past 12 months. Rodney East, the group managing director, has sold 120,000 at 240p, thereby reducing his stake to 880,000.

Following on from last week's reported sale in Photo-Me International, Serge Crasnianski, of Imaging Systems, has sold a further 325,000 shares at just over 306p.

Peter Stormonth Darling has sold 33,853 shares in Warburg at 482p.

Stormonth Darling has just been succeeded by Hugh Stevenson as chairman of Mercury Asset Management the fund management arm of Warburg.

Angus MacDonald,
Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Abbott Mead Vickers	Med	14,000	52	1
Betterware	Stor	1,250,000	2,062	1
City Centre Rest	H&L	312,000	217	1*
Etam	Stor	124,351	298	2
Herring, Baker, Ha	Prop	58,021	73	1
MacFarlane Group	Pack	100,000	210	1
Marks and Spencer	Stor	131,425	422	1*
Photo-Me Intl	Misc	325,000	998	1
Staveley Industries	Othl	22,084	45	1*
Warburg (SG)	Merc	33,853	163	1
PURCHASES				
Ass Brit Consultnts	Misc	148,066	39	1
Beattie (James) "A"	Stor	10,000	12	1
BTR (Nylex)	Chem	10,000	A$23	1
Capital Gearing	n/a	10,000	32	1
Greggs	FdRe	2,700	10	1
HTV	Med	100,000	17	1
Merivale Moore	Prop	200,000	10	1
Mirror Group	Med	50,000	36	1
Pegasus	Elns	50,000	60	1
Relyon	Misc	15,000	18	1
Wholesale Fittings	Elns	35,000	89	1
Wills Group	BuSe	200,000	22	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 16-20 November 1992.

Source: Directus Ltd, Edinburgh

Bonds bonus for savers

SEVERAL institutions have recently launched fixed interest rate bonds, which allow those who want to keep their money in the building society a way of obtaining a guaranteed rate for a given period.

Portman Building Society is offering a fixed-rate bond paying eight per cent gross for one year. The minimum investment is £500, the maximum £10,000. Portman claims a deposit of £10,000 or more would be needed to obtain a higher fixed rate at the top 20 building societies. Withdrawals are not allowed and the bond is available until Tuesday, November 30 only.

Abbey National has also launched a fixed-rate bond this week, paying 6.7 per cent gross until December 1, 1994 for deposits over £10,000. Withdrawals are not allowed before maturity, with early closure subject to 180 days' loss of interest. Given the high penalty and the relatively unattractive fixed rate, the bond may not have wide appeal.

Two issues are hybrids, giving some element of guarantee, diluted with a variable component. Skipton Building Society has launched the third issue of its Imperial Bond, which is paying 8.5 per cent gross (6.38 per cent net) fixed for seven months until June 30, 1993.

After this period, the rate until maturity on May 5, 1996 is guaranteed to be at least 1.5 per cent higher than the gross variable rate paid on the £5,000 band of Skipton's Sovereign Shares Account. The rate on this account at the moment is 5.5 per cent gross.

Withdrawals are allowed after the first 30 days and, although notice is not required, they will be subject to 30 days' loss of interest.

Skipton Financial Services, a subsidiary of the building society, launched the second issue of its Deposit Bond with Providence Capitol this week. This is a single-premium investment bond and is of little use to non-taxpayers, since tax cannot be reclaimed. It does, however, give top rate taxpayers the opportunity of deferring payment of tax.

The bond guarantees to pay a half point above the average gross rate paid by the top five building societies on £25,000 in their instant access investment accounts. The guarantee lasts until October, 1996.

The rate on the deposit bond at present is 10 per cent gross (7.5 per cent net) on a minimum of £10,000. During the first two years, minimum withdrawals of £1,000 can be made, subject to 30 days' loss of interest. Penalty-free access is allowed after that but the balance must not fall below £5,000.

Scheherazade Daneshkhu

Income generators

THOSE who want to build a high income might find the temporary annuity a valuable tool writes John Authers.

Temporary annuities, offered by life insurance companies, take a capital sum and, in return, guarantee fixed income payments over a fixed period. This income is high, as your capital, as well as interest earned by the life company, is repaid over the period. If you die before the term is completed the life company keeps the rest of the money.

This is not generally a deal worth much consideration in its own right. But a temporary annuity can be useful when combined with another investment aimed at capital growth. Such annuities are sold as part of easy-payment packages for school fees and residential care bills, but can be used in any package aimed at securing long-term growth while maintaining a regular income.

The income is secure and known in advance, and so is the term. A typical "back-to-back" scheme would put a chunk of money into a temporary annuity, and then put the remainder into a growth investment – typically a Personal Equity Plan (Pep), with-profits bond or Business Expansion Scheme company.

Mark Bolland, of Chamberlain De Broe, says there can be big tax advantages, because annuity income is taxed on the assumption that most of it is return of capital. Combine this with a tax-efficient growth investment and your tax bill has been cut.

What rates can you earn from a temporary annuity? Rates will improve slightly as you grow older, and you can also choose between level annuities or escalating contracts, where the income rises by a fixed amount each year, having started from a lower base.

According to Peter Quinton of the Annuity Bureau, the best rates for a five-year level annuity for a man aged 40 come from RNPF Nurses with £2,557 annually, followed by Pearl Assurance with £2,444 and Standard Life with £2,387. Rates for women tend to be lower, reflecting greater life expectancy. Over nine years, using the same assumptions, Pearl leads, according to Quinton, with £1,691, followed by RNPF Nurses on £1,684.

The Week Ahead

THE main interest in GEC's interims, due on Wednesday, will be not so much in the profits figure as in the dividend. Last year's interim payment was merely held. But the final was raised by 5 per cent, in spite of unchanged earnings per share for the year overall.

This time, profits are expected to be only modestly up, in the range £350-360m from £346m last year. But GEC is still accumulating cash at a ferocious rate. At the start of the year, net cash – including GEC's share of cash held in joint ventures – stood at £1.4bn. It is expected to reach £1.6bn by the year end.

Lord Weinstock can thus certainly afford an increase. The question is whether the outlook has brightened enough to allow an increase materially ahead of growth in earnings.

Hanson, the Anglo-US conglomerate, is expected to have suffered its first ever year on year fall in pre-tax profits when it announces its full-year results on Thursday.

Pre-tax profits are likely to have fallen to around £1.24bn from £1.31bn. The fall is less than it might have been because more than £100m of exceptionals will be taken above the line in accordance with the new accounting rules.

Allied-Lyons is expected to report first-half profits on Tuesday of £280m against last year's £276m, restated after adjustments of charges.

Most of the gain will come from the spirits and wine business, helped by cost-savings from the restructuring of distribution in North America and a resilient performance in Spain and Japan.

Brewing and pub retailing has been under pressure from the UK recession and the disruption caused by the government's beer orders.

Forecasts of full year results from Bass on Wednesday range from £515m to £538m – an increase of between 20 per cent and 25 per cent on last year's £430m. The figures will be affected by the levels of exceptional restructuring charges and property disposals. Underlying trading profits are expected to be flat.

Well-publicised trading difficulties for Grand Metropolitan's North American foods business will be reflected in a decline in full year profits on Thursday from £950m to about £920m. IDV, the group's spirits division, is expected to record another solid advance in trading profits but lower earnings are forecast from the retailing sector.

Trafalgar House, the construction, engineering and property group, which is reporting its full year results on Tuesday, is expected to announce that £90m of profits were wiped out by a big tax charge and £50m of writedowns on housing and commercial property.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Blystadt	5.4	2	4½	7.50	Abbot Hldgs
Cahill May Rob.	98	84	54	£25.98	AAH Hldgs
Continuous Stat.‡	40*	28	34	6.80	Prontaprint
Evode	60*§§	60	72	94.30	Wassall
New Cavendish	46*	47	44	6.44	Broadland Prop
RHM	260*§§	259	251½	790.0	Tomkins
Simpsons Cornhill	36½	35	32	1.57	Baldwin

*All cash offer. †Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 27/11/92. §§Shares & cash alternative. † Price at suspension.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
ABI Leisure	Aug	2,310	(2,070)	5.8	(5.7)	3.76	(4.7)
Anglo Irish Bank	Sept‡‡	7,340	(6,520)	5.08	(6.63)	3.36	(3.36)
Apollo Metals	Sept	1,260	(2,030)	6.0	(10.3)	3.45	(3.45)
BBB Design	Apr	380 L	(246 L)	-	(-)	-	(-)
Benchmark	Jun	8,500 L	(4,930 L)	-	(-)	-	(-)
Chemex International	Sept	52	(786)	0.07	(-)	-	(-)
Concentric	Sept	8,250	(4,22)	23.25	(13.21)	11.17	(11.17)
Diploma	Sept	16,600	(14,500)	18.4	(17.3)	9.75	(8.75)
Dunedin Worldwide	Oct§§	3,300	(3,460)	9.71	(10.17)	9.5	(9.5)
Fairline Boats	Sept	507 L	(3,020)	-	(-)	10.5	(21.0)
Fenner	Aug	5,530	(7,440)	0.01	(5.47)	4.2	(8.55)
Gartmore Euro.Inv.Int	Sept	165	(384)	0.97	(2.25)	1.1	(1.1)
Genesis Chile Fund	Sept♥	4,890§§	(4,590)§§	60.0	(72.0)	56.0	(56.0)
Great Western Res.	Sept♥	47,400 L	(24,000 L)	-	(-)	-	(-)
Hunterprint	Sept	12,200 L	(6,300 L)	-	(-)	-	(-)
IAWS Group	Jul‡‡	7,850	(5,680)	6.5	(4.9)	2.0	(2.0)
Kwik Save	Aug	110,610	(101,700)	48.21	(44.26)	16.0	(14.7)
Morland & Co	Sept	7,620	(5,930)	26.1	(22.7)	8.4	(7.1)
National Home Loans	Sept	146,400 L	(47,900 L)	-	(-)	-	(-)
Newspaper Publ	Sept	28	(10,000)	-	(-)	-	(-)
Tate & Lyle	Sept	189,500	(230,800)	29.3	(38.9)	12.0	(11.2)
Tomkinsons	Oct	19,700	(21,300)	10.3	(13.9)	11.5	(11.5)
Waterglade	Mar	18,300	(-)	-	(-)	-	(-)
Young (H)	Sept	772	(1,010)	3.5	(4.4)	3.0	(6.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AAH Holdings	Sept	17,500	(15,800)	5.8	(5.4)
ADT	Sept♣	41,900♥	(23,000)	-	(-)
Allen	Sept	855	(2,010)	1.65	(1.65)
Alphameric	Sept	252	(1,530)	-	(-)
Amber Industrial Hld	Sept	1,470	(1,200)	5.5	(4.5)
Applied Holographic	Sept	622 L	(681 L)	-	(-)
Argyll	Oct	205,000	(178,000)	3.55	(3.2)
BET	Sept	40,500	(71,500)	2.0	(4.25)
BPB Industries	Sept	27,500	(24,000)	2.7	(4.0)
Boscombe Property	Sept	275	(183)	-	(-)
British Invest.Trust	Sept	12,050	(11,920)	1.9	(1.9)
Brown & Tawse	Sept	2,760	(181)	-	(2.85)
Bulgin AF	Jul	32	(57)	-	(-)
Caledonia Investment	Sept	19,300	(17,400)	5.0	(4.8)
Castings	Sept	1,590	(1,700)	1.3	(1.3)
Chester Waterworks	Sept	1,040	(-)	2.1	(-)
Chloride	Sept	2,730 L	(1,020)	-	(-)
City of London PR	Sept	292	(281)	1.15	(1.04)
Clyde Blowers	Aug	141 L	(2854)	7.9	(7.9)
Cropper (James)	Sept	595	(621)	0.975	(0.975)
Danka Business Syst.	Sept	7,000	(5,280)	1.5	(1.25)
Dart Group	Sept	985	(1,190)	1.3	(1.3)
Dawson International	Sept	15,500	(16,200)	2.9	(2.9)
Emap	Oct	14,800	(9,860)	2.075	(2.0)
Embassy Property	Sept	1,450 L	(2,400 L)	-	(-)
Evans of Leeds	Sept	3,670	(3,450)	1.43	(1.30)
Ferromet	Jun	854 L	(414)	-	(-)
Foreign & Col.German	Sept§§	320	(350)	-	(-)
Foreign & Col.Eurotr	Sept§§	865	(826)	1.23	(1.18)
Foster (John) & Son	Aug	1,900 L	(23 L)	-	(-)
Fulcrum	Jun	1,000 L	(940)	-	(-)
GEI International	Sept	1,030	(511)	2.47	(2.47)
Gibbs Mew	Sept	377	(503)	3.0	(3.0)
Guard.& Manch Ev.New	Sept	14,700	(7,00)	-	(-)
Hartstone Group	Sept	10,500	(6,170)	2.8	(1.875)
Hewetson	Sept	476	(703)	0.6	(1.6)
Kalamazoo	Sept	[illegible] L	(1,500)	0.25	(0.525)
London & Metropolit.	Jun	4,440 L	(14,960L)	-	(-)
Lowndes Lambert	Sept	4,240	(4,010)	4.6	(4.2)
Macdonald Martin	Sept	2,690	(4,670)	2.2	(2.2)
Marling Industries	Sept	659	(593)	-	(-)
Marston Thomp & Ever	Sept	10,100	(6,990)	1.45	(1.34)
McInerney Properties	Sept‡‡	1,200	(2,450)	-	(-)
Mid Kent Holdings	Sept	4,290	(4,210)	4.75	(4.5)
ML Holdings	Sept	1,480 L	(1,310 L)	-	(-)
Monks Inv. Trust	Oct§§	3,340	(3,890)	2.0	(2.0)
National Grid	Sept	261,600	(245,700)	42.0	(38.0)
Northern Foods	Sept	66,400	(55,200)	3.4	3.24
North West Water	Sept	130,700	(123,700)	7.13	(6.54)
NSM	Sept	1,160 L	(1,370 L)	-	(-)
Powell Duffryn	Sept	9,330	(6,890)	6.6	(6.6)
Rothmans Internat.	Sept	286,500	265,000	4.0	(3.75)
Scantronic	Sept	1,550	(1,110)	0.79	(0.79)
Seton Healthcare	Aug	2,130	(1,490)	1.7	(1.5)
Sims Food	Sept	2,480	(3,350)	3.0	(3.0)
Southnews	Sept	651	(494)	0.7	(0.5)
South Staff Water	Sept	5,100	(4,600)	15.0	(13.4)
South West Water	Sept	46,900	(47,100)	7.8	(7.1)
Sterling Industries	Sept	1,870	(1,590)	1.5	(1.5)
Stoddard Sekers Int.	Sept	432	(1,050)	0.75	(0.75)
Thorn EMI	Sept	105,200	(94,900)	9.0	(8.6)
TR Property Inv. Tst	Sept	3,840	(21,460)	0.4	(0.6)
Vodafone	Sept	180,000	(130,000)	3.43	(2.86)
Walker & Staffs Hld.	Sept	237	(342)	-	(-)
Waverley Mining	Sept	58 L	(107 L)	-	(-)
Welsh Water	Sept	75,300	(74,100)	7.8	(7.13)
Whitegate Leisure	Aug♦	2,950	(1,060)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. §§ = Net Revenue. ‡‡ = Irish punts ♦ = Figures for 6 (this year) & 12 months (last year). ♣ = Figures for nine months ♥ = U.S.dollars and cents.

RIGHTS ISSUES

Seton Healthcare is to raise £13.1m via a 1 - 4 rights issue priced at 240p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

National Express is to join the stock market via a placing of 27.6m shares at 165p.
Hoare Govett is to raise £50m via a placing of 50m shares at 100p

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Bass	Tuesday	9.90	25.70	5.25
Cahill May Roberts	Thursday	-	-	-
Dobson Park Industries	Friday	1.90	3.65	1.90
Fidelity Japan OTC	Monday	-	-	-
Grand Metropolitan	Thursday	6.40	14.3	4.60
Hanson	Thursday	7.65	2.75	2.75
Huntingdon Internat. Holdings	Tuesday	0.67	1.60	0.67
Leeds Group	Tuesday	3.00	6.75	3.50
MEPC	Tuesday	5.25	14.75	5.25
Metro Radio	Thursday	1.50	3.50	1.60
M & G Group	Wednesday	8.25	10.75	9.00
Millwall Holdings	Monday	-	-	-
Murray Enterprise	Thursday	-	3.66	-
Prospect Industries	Tuesday	0.10	0.30	0.25
Regina	Monday	-	-	-
Royal Bank of Scotland	Thursday	2.80	6.00	2.80
Trafalgar House	Tuesday	6.60	9.60	4.40
Wolverhampton & Dudley	Friday	4.10	8.20	4.30
INTERIM DIVIDENDS				
Albo	Wednesday	1.00	3.75	-
Allied Colloids	Tuesday	0.88	3.02	-
Allied Lyons	Tuesday	6.65	13.38	-
Associated Nursing Services	Monday	-	-	-
Borthwicks	Monday	0.60	0.60	-
BSS Group	Tuesday	5.75	11.50	-
Callyns	Wednesday	5.00	8.50	-
Cape	Wednesday	3.00	7.50	-
Christian Salvesen	Wednesday	2.90	4.10	-
Chubb Security	Monday	-	-	-
Crown Eyeglass	Monday	2.00	4.00	-
Crossroads Oil	Tuesday	-	-	-
East Surrey Holdings	Monday	3.56	6.00	-
EFM Income Trust	Monday	1.27	1.20	-
Eastern Electricity	Thursday	4.85	11.85	-
Erskine House	Wednesday	2.30	4.35	-
European Colour	Monday	0.25	0.40	-
Feedback	Tuesday	-	0.50	-
GEC	Wednesday	2.56	7.05	-
Granada Group	Wednesday	2.75	-	-
Greene King	Monday	3.50	8.10	-
Greycoat	Friday	2.30	-	-
Harris (Philip) Holdings	Monday	2.00	4.25	-
Harrison Industeries	Wednesday	-	-	-
Hoskins Brewery	Monday	-	-	-
James Latham	Thursday	1.50	2.25	-
JLI Group	Monday	1.50	3.00	-
Johnson Matthey	Thursday	3.00	6.65	-
Kenwood Appliances	Monday	-	-	-
Leigh Interests	Monday	2.46	5.37	-
London Electricity	Wednesday	5.00	11.60	-
London International Group	Thursday	3.20	6.25	-
Lyons Irish Holdings	Tuesday	-	-	-
Merrydown Wine	Monday	1.00	5.00	-
Mountview Estates	Wednesday	6.00	10.00	-
Norweb	Tuesday	5.30	12.40	-
Oriflame International	Tuesday	-	-	-
Porter Chadburn	Wednesday	0.85	1.65	-
Quilligotti	Wednesday	-	-	-
Racal Electronics	Tuesday	0.30	0.70	-
Rowlinsons Securities	Wednesday	0.24	1.11	-
Roxspur	Wednesday	-	-	-
Scottish Hydro-Electric	Thursday	3.25	6.91	-
Scottish Power	Monday	3.38	6.75	-
Scott Pickford	Monday	-	0.80	-
Severn Trent	Thursday	6.40	12.9	-
Shanks & McEwan	Thursday	2.24	3.44	-
Smith New Court	Thursday	1.00	3.50	-
Specialeyes	Monday	-	-	-
Sterling Publishing	Tuesday	0.50	2.00	-
Stylone	Thursday	3.15	6.30	-
Tops Estates	Wednesday	0.55	1.45	-
Verson International Group	Monday	0.30	0.70	-
Vistec Group	Monday	0.10	0.20	-
Wood (S W) Group	Monday	-	0.25	-
Yorkshire Water	Wednesday	6.60	13.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = 1st quarter figures.

FINANCE AND THE FAMILY

The cheaper way of insuring your treasures

***Scheherazade Daneshkhu** finds that specialists often can offer policies to cover high-value possessions at lower rates than elsewhere*

THE PLEASURE of acquiring a pair of Art Deco vases, some Persian carpets or a little Hockney sketch can be ruined by worries about the cost of insuring them.

Most home contents policies restrict what they will pay out – usually, to no more than £1,000 or £1,500 – on any single personal possession unless it has been specified separately.

The type of extra insurance you need depends very much on the items you have. Jewellery, unless antique, normally can be covered adequately under a conventional home contents policy by describing the pieces and submitting a valuation. (If you do not wear the jewellery often, of course, a cheaper alternative is to keep it in a bank vault). But if you are a collector, or own a variety of valuable furniture and paintings, you could find it cheaper to consult a specialist fine art insurer.

The choice of these has increased in recent years. Fine art broker Richard King says this is partly because insurance companies are losing less money from this part of their business – known as the "high net worth" sector – than on claims arising from subsidence and theft. King – who works for Artscope, a division of broker Leslie and Godwin – estimates that people with fine art and antiques can, in some cases, get wider cover at a third of the price charged by a high street insurance company if they go to a specialist insurer.

He adds: "We have a client whose insurance company was charging him £6,000 in premiums this year for the contents of his London home. But he has switched to a specialist and is paying £4,000."

Hiscox Underwriting Ltd deals with high-value household business for Syndicate 33 at Lloyd's of London, and claims to give more competitive rates than others. The minimum sum insured for house and contents is £250,000; but if you already have satisfactory building insurance, the minimum sum insured for contents is £75,000. The minimum annual premium is £500.

The policy has a specialised all-risks section for fine art, with no maximum item limit for objects other than gold, silver and plate. Hiscox does not insist on valuations but encourages a schedule to minimise the risk of dispute when a claim arises.

Nor will it necessarily survey every house, relying instead on the potential client's background before taking on risk. Nigel Prescot, of Hiscox, explains: "The person is more important than the security of the house. Then we make a judgment."

Wellington Personal Insurance, a Lloyd's-approved service company, also provides a high-value buildings and contents service. The minimum sum insured on both is £150,000 but Steve Windich, the managing director, says the average is £300,000 with average annual premiums of £1,100.

"The package is designed along North American lines," says Windich. "We automatically include contents cover worth 50 per cent of the buildings insurance. In most cases, this provides more than enough insurance and the customer does not have to worry about being under-insured all the time."

If your house is insured for £400,000, you will be entitled to £200,000 of contents cover. But items excluded are jewellery, silver and furs. The standard excess on the policy is £500; thus, if an item worth £2,000 is stolen, the insured would get £1,500 from the company. The excess is waived on claims over £10,000, though.

Wellington does not require valuations but it does demand a list of items worth more than £10,000. Although the package is not cheap, it is competitive for those with many valuables who want to combine contents insurance with buildings.

Another combined package was launched at the end of September by Sun Alliance and Chubb, which have produced a policy called Masterpiece providing an all-round service.

Marketing manager John Spink says Masterpiece is aimed at "the top 5 per cent of wealth-owning people in the country." The minimum annual premium is £1,500 a year for building and contents but the average, Spink adds, is £3,000-£4,000.

Masterpiece is an all-risks building and contents policy and includes world-wide cover on contents; a 24-hour help-line facility; payment for loss of market value of a valuable item (more than £2,500) following damage; and a broad "pairs and sets" clause for valuable articles.

This means you could claim for the set even if only one item was stolen or destroyed.

The policy involves a full appraisal, and the home and contents are surveyed before the risk is taken on. Full valuations are required.

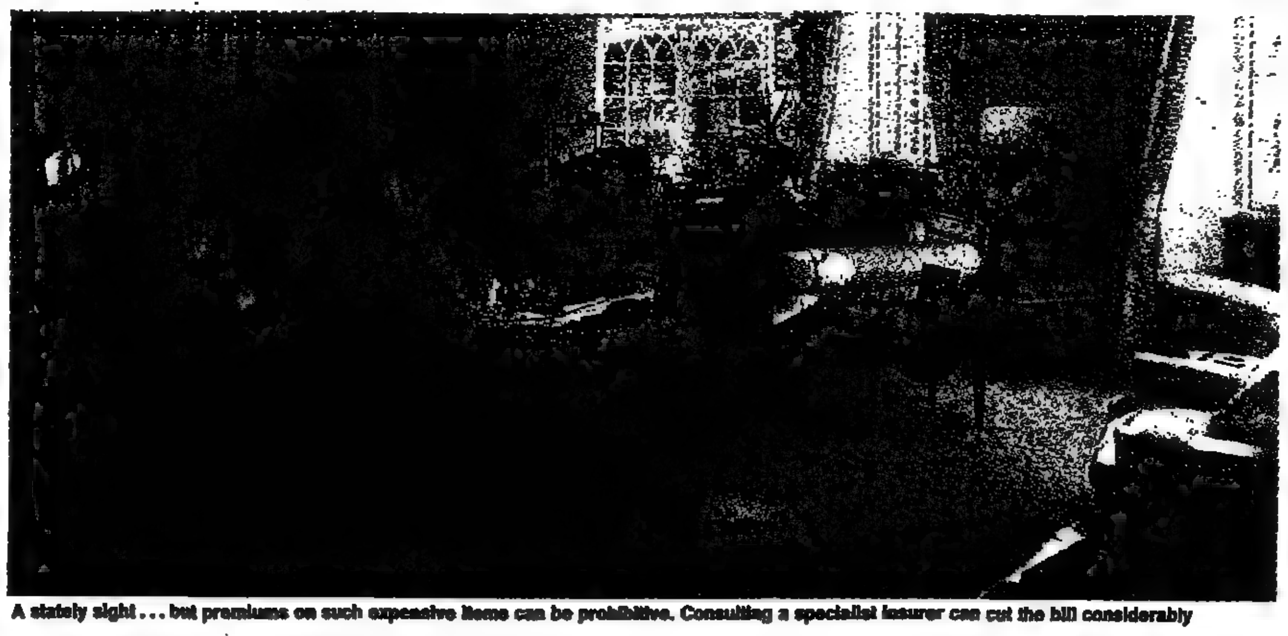
Collectors may prefer a policy provided by Star Assurance, which is owned jointly by Eagle Star and Nordstern, a German insurance company. It does not cover buildings or general contents but concentrates on fine art and antiques. The minimum sum insured is £50,000 of contents; the minimum annual premium is £175.

Star's Clare Pardy says the policy, which provides all-risk cover within the premises, is aimed at collectors rather than wealthy individuals. "We employ people with a fine arts background and are able to give the client advice on the value of their items," she says.

"We would expect a professional valuation but there would be no need for the client to have subsequent valuations, which are an expensive business, since we could advise them on the present-day value of the collection."

Like Masterpiece, the policy also includes depreciation following damage. So, if your prize painting fell off the wall, you could claim for the cost of the repairs and the loss in market value.

These policies are sold mainly through insurance brokers, who receive commission from the companies but are able to get a variety of quotations and help to determine which policy is suited best to the individual case.


A stately sight . . . but premiums on such expensive items can be prohibitive. Consulting a specialist insurer can cut the bill considerably

Planning Your Pension

A scheme with benefits for all

***Marilyn McKeever and Tony Foreman** on the virtues of FURBS*

A FUNDED unapproved retirement benefit scheme (FURBS) offers tax benefits with flexibility to both senior executives and their employers and looks set to become a useful element in the remuneration packages of high earners.

How does it work? For executives:

- It can be set up for individuals so that the fund is earmarked for them.
- They pay income tax on the company's payment to the FURBS as if they had received a bonus.
- Once funds are in the FURBS, the investments made are subject to a maximum rate of income and capital gains tax of only 25 per cent.
- The normal restrictions on benefits from pension schemes imposed by the Inland Revenue do not apply. Accordingly, there are no limits on the amount of the benefits under a FURBS. There is great flexibility as to when the executive can take those benefits, and all can be taken as a lump sum.
- There is no tax liability when, eventually, they cash in their FURBS for a lump sum.
- If they die before cashing in the FURBS, the whole fund can be paid to their family free of inheritance tax.

What does a FURBS offer for employers?

- They will get tax relief when they makes a contribution to the FURBS in the same way as if they paid salary or a bonus.
- They will not normally be liable for the 10.4 per cent National Insurance contributions which they would pay if they increased the executive's salary or paid him a bonus.
- It can be used as a "golden handcuff." The scheme rules can be framed so that the executive benefits only if he stays with the employer for a specified period.

A FURBS will be particularly attractive for an executive who has a greater salary than he needs for his living requirements and can save some of the excess.

Provided that the employer's contributions to the FURBS take account of the fact that the executive will pay tax on them, the up-front tax charge need not be a disincentive.

So, how can a FURBS complement other tax-favoured investments?

There is, of course, a place for investments such as personal equity plans (Peps) and tax-exempt special savings accounts (Tessas) in an executive's portfolio but, by their nature, such investments generally are limited in amount or relatively inflexible. FURBS are not limited.

Nor is a FURBS intended to replace an approved pension scheme. It can, however, complement an approved scheme in providing funds for retirement investment and in tax planning generally.

The benefits payable under an approved scheme always have been limited by reference to the employee's salary at or near retirement. The maximum permitted pension is only two-thirds of that final salary figure, and there also are restrictions on the amount of the benefits which can be taken as a lump sum.

In 1989, the government imposed a "cap" on the amount of final salary which could be used to calculate pension benefits. The present cap is £75,000, so the maximum possible pension that can be paid under an approved scheme is £50,000 while the maximum lump sum is £112,500. This applies whatever the executive's salary.

Further, the Revenue prescribes a minimum age from which a company may pay an approved pension. This is usually 50.

Pension schemes can be very valuable and sometimes are worth more than the employing company itself. In the past, private companies have been able to use schemes as a source of corporate finance but now there are stringent restrictions on investment by most approved schemes in the employer company.

None of these difficulties applies to a FURBS. Contributions and benefits can be of any amount. Indeed, the rules relating to unapproved schemes were relaxed at the same time as the cap was introduced, with the object of letting employers provide additional retirement benefits for their high earners through unapproved arrangements. FURBS can, thus, be used to "top-up" the pension from an approved scheme where this would be inadequate to support the executive in retirement.

A FURBS also is much more flexible than an approved scheme where it is used as part of the employee's general investment and tax-planning strategy.

An employee can "retire" at any time and any age, and the meaning of "retirement" is wider than you might think. It includes retiring from one job and taking up another.

Even if an executive continues in the same employment, he can still take his benefits under a FURBS where there is a change in the conditions of his employment. The employee may also receive his benefits if the scheme is wound up – something that can happen at any time. In addition, the whole of the fund which has built up for the executive's benefit can be taken as a tax-free lump sum.

A FURBS will be particularly attractive to private companies. The investment restrictions which apply to approved schemes are irrelevant so far as unapproved arrangements are concerned.

A FURBS has many benefits. As part of a tax-efficient remuneration package, it will help an employer to recruit and retain high-flying employees. It is an attractive investment vehicle for the employees themselves. It can supplement an otherwise restricted pension from an approved scheme. And a director/shareholder of a private company can take advantage of the tax breaks offered by a FURBS while using it as a source of finance for the company.

■ *Marilyn McKeever is a solicitor at Gouldens. Tony Foreman is a partner of Pannell Kerr Forster.*

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£250	6.80%	Yly
Bristol & West BS	Balmoral A/C	0800 100117	Instant	£2,000	9.10%	Yly
Cheltenham & Glos BS	London Deposit	0800 272383	Instant	£10,000	9.60%*	Yly
				£25,000	10.00*	Yly
Scarborough BS	Scarbgh Ninety 2	0723 368155	90 Day	£500	7.25%	Yly
Manchester BS	3 Year Income	061 834 9465	3 Year	£10,000	9.57%♣	Mly
Chelsea BS	Premier VI	0800 272505	31.3.95	£10,000	10.00%	Yly
TESSAs (Tax Free)						
National Counties BS		0372 742211	5 Year	£3,000	9.60%♣	Yly
Allied Trust Bank		071 626 0879	5 Year	£9,000	9.49%	Yly
Exeter Bank		0392 50635	5 Year	£250	9.00%	Qly
Julian Hodge Bank		0222 220800	5 Year	£20	9.00%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	6.50%	Yly
Citibank	Money Market Plus	081 848 8311	Instant	£2,000	7.20%§	Mly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	7.60%‡	Yly
				£25,000	8.10%‡	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman CI Ltd	Channel Islands	0481 822747	Instant	£500	7.00%	Yly
Yorkshire Guernsey	Key 90	0481 719898	90 Day	£10,000	7.50%	Yly
Yorkshire Guernsey	Key Extra	0481 719898	180 Day	£25,000	8.45%	Yly
Yorkshire Guernsey	Key Term Share	0481 719898	31.0.93	£50,000	10.10%	Yly
GUARANTEED INCOME BONDS (Net)						
Prosperity FN		0800 521546	1 Year	£25,000	5.90%	Yly
Prosperity FN		0800 521546	2 Year	£25,000	5.65%	Yly
Liberty Life FN		081 440 8210	3 Year	£50,000	6.40%	Yly
Co-op Bank Fin Adv FN		061 829 6562	4 Year	£2,000	6.30%	Yly
Financial Assurance FN		081 367 6000	5 Year	£5,000	6.55%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	8.25%	Yly
(7.00% wef 26.12.92)	Income Bonds		3 Month	£2,000	8.00%	Mly
(on sale from 7.12.92)	Capital Bonds G		5 Year	£100	7.75%F	OM
(Temporarily withdrawn)	First Opin Bonds		12 Month	£1,000	-	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
(on sale from 7.12.92)	40th Issue		5 Year	£100	5.75%F	OM
(on sale from 7.12.92)	6th Index Linked		5 Year	£100	[illegible] + infln	OM
(on sale from 7.12.92)	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. * = Rate guaranteed until 1.1.93. Access only on 7 day loss of interest.
♣ = Rate guaranteed only until 31.1.93. ☆ = Rate fixed only until 1.4.93. ♣ = Rate fixed only until 1.1.93.
§ = Rate guaranteed only until 1.2.93. ‡ = Rate guaranteed only until 12.2.93.
Source MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

Home loans under fire

Centralised lenders fail to keep up with base rate cuts

WHILE most home-owners are pleased that interest rates are coming down, those who have mortgages with centralised lenders are less happy. They are paying up to two percentage points more than other mortgage-holders.

Existing borrowers with National Home Loans, for example, are paying 12.15 per cent compared with between 9.95-9.99 per cent for their counterparts at most banks and building societies.

Some borrowers at First Mortgage Securities are paying 11.65 per cent, while those with Household Mortgage Corporation and Mortgages plc (formerly CIBC) are paying 11.45. Rates at the Mortgage Corporation are 10.99, while UCB's existing borrowers, who are also paying 10.99 will see a reduction to 9.79 per cent next week.

Most of these rates will be coming down soon – in many cases, by well over 1.5 points. First Mortgage Securities, for instance, is cutting the rate for existing borrowers to 9.65 per cent on January 1, and to 8.65 from February 1. The Mortgage Corporation will bring down its rate to 9.5 from January 1.

Despite the projected cuts, many borrowers with the centralised lenders will still be paying higher rates than those with most banks and building societies. The latter, in most cases, will pay about 8.5 per cent between mid-December to the beginning of January.

One reason for the higher rates charged by centralised lenders is the way their loans are funded. Unlike banks and societies, which take in money from savers and lend to home-owners, they get their funds by borrowing on the wholesale money markets.

Most use the three-month London Interbank Offered Rate (Libor) to determine what they charge mortgage-holders and argue that, unlike banks and building societies, they cannot react quickly to sudden base rate cuts since they buy money forward.

"We don't have 8m savers whom we can immediately penalise in order to cut mortgage rates," said Barry Meeks, commercial director of The Mortgage Corporation. "If the base rate is cut today, it does not filter through to our cost of funds for three months."

The centralised lenders emerged in the mid-1980s when property prices were moving up rapidly and demand for mortgages from prospective house-buyers was insatiable. They were able to undercut the banks and building societies because the Libor then was lower than base rates.

To gain market share they brought in new products, such as deferred payment loans, and were happy to take on borrowers who could not prove their income. Within a few years, their market share rose to 20 per cent – but this form of market-driven, imprudent lending has resulted in tears.

The fall in house prices and the recession have blackened the books of some of the centralised lenders, and a fall in credit-worthiness means that they cannot borrow on terms as favourable as the top grade banks and societies.

The property slump and a rise in repossessions also mean some of the centralised lenders cannot afford to take on new business, although others are operating profitably and are marketing fixed and capped rate mortgages to attract custom.

Adrian Coles, of the Building Societies Association, advises those who are paying above market rates for their mortgage to examine the costs of shifting to another lender. Remortgaging is an expensive business, particularly for those tied into a fixed rate loan, but it might be the best option in the long term.

Chase de Vere, the London-based mortgage broker, will work out the costs and savings of switching to a lower rate scheme without charge.

Scheherazade Daneshkhu

CGT allowances

THE TABLE shows capital gains tax (CGT) allowances for assets sold in October. To use it, multiply the original cost of the asset for the figure shown for the month in which you bought it. If you subtract the result from the proceeds of your sale, the result will be your taxable gain or loss.

Suppose that you bought some shares for £7,000 in April 1987 and sold them in October 1992 for £14,000. Multiplying the original cost by the April 1987 figure of 1.374 gives a total of £9,618.

Subtracting that from the proceeds of £14,000 gives a capital gain of £4,382, which is below the 1992-93 CGT allowance of £5,800. If you realised no other gains during the year, the profits should be tax-free. If you sell shares bought before April 6 1982, you should use the March 1982 figure.

CGT INDEXATION ALLOWANCES: OCTOBER

Month	1982	1983	1984	1985	1986	1987
January	-	1.693	1.611	1.534	1.454	1.399
February	-	1.686	1.604	1.522	1.448	1.393
March	1.761	1.683	1.599	1.508	1.446	1.391
April	1.726	1.660	1.578	1.478	1.432	1.374
May	1.714	1.653	1.572	1.469	1.430	1.373
June	1.709	1.649	1.568	1.466	1.431	1.373
July	1.709	1.640	1.570	1.469	1.435	1.374
August	1.706	1.633	1.558	1.465	1.430	1.370
September	1.709	1.626	1.552	1.466	1.423	1.366
October	1.701	1.620	1.543	1.464	1.421	1.360
November	1.692	1.614	1.536	1.459	1.409	1.353
December	1.696	1.610	1.539	1.457	1.404	1.354

Month	1988	1989	1990	1991	1992
January	1.354	1.260	1.171	1.076	1.032
February	1.349	1.251	1.164	1.069	1.026
March	1.344	1.246	1.152	1.065	1.023
April	1.322	1.224	1.118	1.051	1.008
May	1.317	1.217	1.109	1.048	1.004
June	1.312	1.212	1.104	1.043	1.004
July	1.311	1.211	1.103	1.046	1.008
August	1.297	1.208	1.092	1.043	1.007
September	1.291	1.200	1.082	1.039	1.004
October	1.278	1.191	1.074	1.036	-
November	1.272	1.181	1.076	1.032	-
December	1.268	1.178	1.077	1.031	-

Source: Inland Revenue

Hard costs of child care

Keith Wheatley meets a woman who combines a top job at Price Waterhouse with running her own childcare consultancy

HELEN Jameson is a mother used to measuring costs. As an accountant, she works in a senior management role with the capital markets section of Price Waterhouse. As an entrepreneur, she is one half of Lilliput, a consultancy focused on all aspects of non-parental childcare and running its own nursery in a former Bible-printing works in Hackney. This is a business dealing every day with an attitude problem.

"There's a perception in this country, shared by the government, that child care should be cheap," says Jameson, a maths graduate from Newnham College, Cambridge, and mother of Emma, two, with a second child due in January.

"So people either cut corners to keep costs down or the whole business of child-care ends up outside the formal economy – cash wages to nannies who have no National Insurance contributions. Everyone with a child knows the scenario."

Charges at the Lilliput nursery, opened two years by Helen and her partner Madeline Watson, range from £95 a week for a rising-five to £148 for a child under two. There are 15 children, with room for 30. Demand is strongest for under-two places, but the age structure of the nursery roll must remain balanced.

"Any mother tends to think that running a nursery will be just an extension of home skills, but to run it as a normal profit-making business is very challenging," says Helen, 35. "It's a highly regulated environment and because of that there is relatively little scope for economies of scale.

"More children means more staff. In addition you have to compete with a subsidised voluntary and public sector group of nurseries." The nursery, in east London, currently needs a manager, four nursery staff and a cook/housekeeper.

As Lilliput's first nursery it is trading at an operating profit. It took around £40,000 in capital to get it up and running; a mixture of private investment from the two women and finance from the National Westminster Bank.

Helen was a high-flier at Price Waterhouse but found that, what she describes as, "its traditional Up or Out company culture" began to make unacceptable time demands on a young woman probably destined for a partnership if she had not also wanted to start a family – and her own business.

When Helen told PW what she wanted to to, she thought they would tell her it was all or nothing and to pack her bags. To her surprise, they asked her to work three days a week at the practice – leaving her two days for her business.

"I guess their reasoning was that it would add to my experience," she reflects. "I certainly feel that it has added to my skills base and how I approach my work. It's made me far more entrepreneurial."

Initially Helen and Madeline concentrated on offering a consultancy service to companies thinking of offering child-care to employees, and tendering to manage workplace nurseries. This strategy had the advantage of using the client's capital rather than Lilliput's.

However, they found themselves coming second in the bid process to competitors who already had at least one nursery up and running.

"It was a credibility thing, I suppose. At least if we did it we would know if our costings were right or wrong," said Helen. "It was also a chance to set up a model of what a nursery could be."

The issue of workplace nurseries has undergone some revision in recent years. In the mid-80s it seemed to be on the agenda of every caring, sharing employer. Now many are not sure if children and the office are such a good mixture – for either side.

"Amongst predominately male management there's an unspoken fear of the crèche on the third floor," said Helen. "Workplace nurseries are expensive and not always appropriate. We like to demonstrate to the employers we consult for that there are many routes you can take in helping staff with childcare.

"In London most parents find their own commute to work bad enough without inflicting it upon their children. But in provincial and rural settings it can work very well."

In many countries child-care is a large and profitable service industry. The US has some very big nursery operators, often regarded with some trepidation by the inheritors of a rather different tradition in the UK. Nevertheless, Helen believes Lilliput can grow without become a child-processing centre.

"I think we will see small chains of nurseries in this country, and I hope we can grow to that sort of scale. At present it's very much a cottage industry," Helen said. She points out how much a reputable "brand-name" in this field could reassure anxious parents.

It seems to be a field ripe for setting uniform standards and procedures; then licencing ownership and operations? "Franchising is not a route I'm terribly happy about," said Helen. "Child-care is a terribly personal service."

■ *Lilliput, 1 Kilmarsh Rd, London W6 OPL. Tel 071-267-8641 Fax 081-741-8334. Independent Place Nursery, 26-27 Independent Place, Shacklewell Lane E8 2HD, 071-275-9499*

Trevor Humphries

Child's play: Helen Jameson with staff and children at Lilliput's Hackney nursery

Computing/**Jean Miles**

Friendly answer to budget problem

I COMPLAINED in these pages a year ago that there was no home budget computer program on the British market with the versatility of the American ones. Now there is: *Quicken*, one of the best American programs, has been intelligently Anglicised, no small feat, and offered for sale here.

It does home and small-business accounting and portfolio management. It is easy to use, with one of the best manuals I have ever seen for any program, well-indexed and full of useful cross-references. It lacks any tendency towards American cuteness and at £50, it is not expensive.

I have met budget programs which were hectoring and nannyish, insisting on the maintenance of proper standards of accountancy. In *Quicken*, entries can be changed or annotated after the event. Expenditure does not need to be assigned to a budget category – *Quicken* will sweep up the left-overs and label them "Other". Throughout, the program is singularly relaxed, without sacrificing efficiency or usefulness.

Two big difficulties in most budgeting systems, computerised or not, are getting started, and finishing off a year. *Quicken* makes both easy. Getting started can be something like entering a revolving door in a crowd – all right once you've done it. I have seen budget programs that expected you to start at the beginning of a financial year. Others insist at least on starting on the first of a month.

In *Quicken*, anything will do. I started off our current and credit card accounts from the last statements. I have an "Asset Account" (very grand) for our National Savings certificates: that dates from when we bought them. I set up the share portfolio from last month's valuation out of laziness, but I could have gone back to the purchase of the separate shares.

Finishing off a year can be worse, if your program forces you to spend a month or so hopping back and forth between this year's file and last year's file. In *Quicken*, you never need finish off a year at all, but just go on and on adding transactions. If that idea makes you nervous, as it does me, *Quicken* will copy past transactions to an archive and then delete them from your current file, once a financial year has, in effect, closed itself.

Quicken offers a variety of reports and some nice graphs. The reports can start and stop with any date – you do not have to view your finances month by month. Flexibility here is precisely the feature which makes starting a budget or finishing a financial year so easy.

I found the reports hard to work with at first – there was so much detail, and so much space between the lines, that it was like trying to survey a landscape through binoculars. All right, we spent £48.75 on newspapers last month, but how are we doing? Then I discovered that individual budget categories can be collapsed by pressing the minus key. "Salary", "interest income", and "dividend income", for instance, can appear as one item: income. Alternatively, they can be expanded right up to a list of the separate sums received. And when a report has been reduced or expanded to the point where it becomes useful to you, the program will memorise the settings for next time.

Quicken has an impressive roster of smaller virtues to support the big ones: it will print cheques, on special, rather expensive forms with sprocket-holes for use on a computer printer. It will remember standing orders and direct debits, and deal with them automatically. It can handle foreign currencies.

It can use data from the popular Money Manager program. There is an excellent on-screen calculator. If a computer has extended memory, *Quicken* can use it.

The business features of the program are meant for sole traders, such as carpenters or computer consultants, and small retail businesses, clubs or charities. It is not a complete double-entry accounting system, but it is not just domestic accounting warmed-over, either. *Quicken* can track VAT, draw up a balance sheet and forecast cash flow. The chapters in the manual on business uses are crisp and clear.

I have only one complaint: it will not calculate the tax element in interest received net of tax. The manual describes a clumsy way to record tax credits with dividend payments, and you could use the same stratagem for interest received. But a program as good as this ought to do it automatically, for interest and dividends both.

In the last year or so, *Quicken* has been so successful in the US that it threatens to elbow the competition off-stage altogether. I would not be at all surprised if it managed the same feat in the UK.

■ Quicken costs £49.95 including VAT and carriage from Intuit, Manor Court, High Street, Harmondsworth, West Drayton, Middlesex. UB7 0AQ; telephone 0800-585058; Fax 081-759-2077.

Chopping down my muse

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

MY NEIGHBOUR has cut down some trees which were overhanging his garden but were growing on land owned by the Forestry Commission in Scotland. (He had no permission to do this). These were beautiful crab apples planted, I believe, to be viewed from my window (possibly at the time of the Queen's Coronation). There are others planted strategically around the village and he has kept the ones to be viewed from his window.

He is building a large shed, the roof of which will be my new view. He tells me that as it is a shed he can build it up to a third of the size of his garden without planning permission. Have I any redress in law against him? Can I sue for loss of amenity?

I am a songwriter and one of my songs (which has been performed in public) was inspired by these trees. I have been so unsettled by his action that I have been unable to write since.

■ On the facts as you describe, you have no remit in respect of the fact that your neighbour has either cut down or pruned the trees planted on Forestry Commission land which were overhanging his property.

The details which you have given of the proposed shed are not sufficient to advise with certainty – if the shed does not exceed 9 ft in height, then planning permission would not be necessary. However, we suggest that you intimate your disquiet to your local planning department as a coterminous proprietor and request that they take the matter up formally if appropriate.

Claiming for my travels

I AM A Paye employee. My base office is in London and I live 30 miles outside London. I frequently go directly from home to work at clients sites and return home directly, for which I claim expenses. Which of the following expense claims would be accepted by the Inland Revenue:

■ The return journey by car between home and client.

■ The lesser of the above claim and the return journey between my base office (in London) to the client.

Is the eligibility of the claim affected by:

■ My rail season ticket between home and office.

■ The fact that the direct route by car from home to the client sometimes goes close to my base office.

■ Calling into my office on the outward or return journey to collect mail and messages.

■ Section 198 of the Income and Corporation Taxes Act 1988 only entitles you to tax relief on "the expenses of travelling in the performance of the duties of the . . . employment", and presumably your duties do not commence (each day) until you arrive at the office or at the client site – and presumably your duties end (each day) just before you leave the office or the client site. That being so, it is only a journey between office and site and between site and office, or between one site and another during the day, which satisfy the tough rules laid down by parliament, so far as we can tell from your letter.

The rules are not so tough for employees who are required to travel on horseback or in a horse drawn vehicle, if they have to look after the horse themselves.

Contracting out of Serps

I WORK for a company which until recently operated a non-contributory pensions scheme which was additional to Serps, the state earnings-related pension scheme. This was replaced by a money purchase scheme – "Nexus", from Scottish Equitable, also non- contributory.

I find that I have been contracted out of Serps without my prior knowledge or permission. Can my company do this? I am told that this is because the company is putting so much into my pension that I would be over-funded. However, the brochure informs me that this can be varied at a whim. I have no contract on this pension scheme, and on asking for more information – projected figures, etc – I was accused of ingratitude and told that I can be opted back into Serps at the press of a button.

I produced news articles about age, transfer values and so on. It transpired that my company director and broker had never heard of the "40 plus" rule.

Bearing in mind that I am a woman of 44 and am unlikely to remain in this employment until the retirement age of 60, what would you advise? Can I get back into Serps without incurring a loss in transfer fees? Can they legally put me in/out of Serps at "the press of a button"?

■ In a company pension scheme, it is the employer who makes the decision to contract-out of Serps, or not, for the scheme as a whole. He is meeting the cost of providing you with benefits that are as good as, or better, than Serps and so you have no reason to complain that you are contracted-out. Arguments about picking and choosing the ages below which contracting-out has the greatest advantage are relevant to a personal scheme. An employer cannot pick and choose on an individual basis and will therefore often be guided by an average age formula for his staff as a whole.

Employers must also bear in mind the political risk with Serps. The government has cut Serps entitlement once and is likely to do so again, because it constitutes a rapidly escalating unfunded drain on National Insurance finance, whereas future rights under your own funded scheme are based on real money invested for the future.

If your employer is aiming to provide a reasonable level of retirement income for its staff as a whole it will tend to favour greater reliance on a funded scheme than on Serps. If Serps is cut back in the future this would leave more for it to top up.

What can I pass on?

I AM 77 and a widow. I have some questions on inheritance tax.

Am I right in assuming that £3,000 can be distributed every year and if not taken up one year can be carried forward to the next year making £6,000 for distribution by one person? Some people have told me, however, that it is £5,000 which can be distributed each year and not out of capital.

I understand that £250 can be gifted to any one person in a year but not from capital. I also understand that at the moment £147,000 of an estate is free from inheritance tax.

Is it possible for gifts of cars, maintenance at university etc, to be excluded from inheritance tax and given freely from capital?

If trusts are set up for grandchildren, allowing interest on demand but capital to be passed over at an agreed age, obviously the services of a solicitor as trustee is very necessary. What are the fees and how do they vary?

■ You are correct in assuming that you have an annual exemption of £3,000 and that if you do not make use of the £3,000 exemption in one year, you can carry that forward to the following year, so that a total of £6,000 can be gifted free of inheritance tax.

I believe that the £5,000 exemption you refer to is a gift by a parent to a child in consideration of marriage. An exempt gift of up to £2,500 can be made to a grandchild in consideration of marriage.

In addition to the annual exemptions, you can make a gift of £250 to any one person free of inheritance tax and this can be come from your capital. You could therefore make eight individual gifts of £250, (a total of £2,000) and this would not erode your £3,000 annual exemption.

The inheritance tax nil rate band has been increased to £150,000 for the current tax year.

The gift of a car would be treated as a capital item and would need to come out of the above exemptions. If a regular sum from income is paid to maintain a person at university, then this could be deemed to be a gift out of income rather than capital. This would apply if the gift is of a regular nature, for example it is to be for a three or four year period during their university education, and if your income after tax and your normal expenditure is greater than the maintenance payment.

The trust you are referring to appears to be a life interest trust so that the income will be payable to the grandchildren and the capital would only be payable at an agreed age. The solicitors fee will depend upon the time involvement but I would expect it to be in the region of £500.

■ *This reply was provided by Barry Stillerman of accountants Stoy Hayward.*

PERSPECTIVES

As They Say in Europe

Let's hear it for nostalgia

THE FRENCH proposal to veto the plan for the sun to rise in the east and set in the west ended a rough week for the Paris government at the hands of the press. The papers felt that the nation's leaders *had made a mess of defending* those central figures of French society, rapeseed farmers (whose emergence has at least ensured there is one more role for Gerard Depardieu in his continuing depiction of the nation's emblematic figures).

The day before the Washington deal on oilseeds was struck, the farm minister, Jean-Pierre Soisson, gave a vastly entertaining interview to *Libération* which demonstrated the isolation of the British. The next day, there was the barrage of attacks on the "calamitous" British presidency – just before John Major found himself able to gloat for the first time since April.

Thanks to bad tactics, French ministers had helped to produce a result that looked like a British victory.

The resulting furore has led to an explosion of nostalgia that seems part of a wider wave of Euro-atavism. One paper, the *Tribune Desfossés*, wrote: "France has 1.3m active farmers but 60m citizens are farmers at heart. All proud of their provincial origins, all attached to a piece of land. The United States argues in economic terms, France opposes it with national identity." There is a corner of a beetroot field that is forever François.

Humanité described farmers as "the tree of rurality protecting the forest. Behind these indebted, broken men, there is only wasteland, an inheritance of unemployment...Rurality, the life of the countryside, its schools, its postmen, its bars..."

Whether you see such stuff as noble romanticism or sentimental claptrap, clearly it contains more than a whiff of the 1930s. It owes more to imagination than analysis, though.

Reality is far removed from the bucolic fantasies of *la douce France* supplying the world with a cornucopia of bread and wine, the succulent offspring of a fertile land.

In the 1930s, France was a net importer of grain; today, it is the world's second largest exporter. Before the second world war, France harvested less than Canada and accepted grain from the cheapest source.

French ministers foster the myth that France's natural role is to provide competition for the US. A corrupt subsidy system is responsible for that.

If France ceased to be a major food exporter, cheaper suppliers – including the southern hemisphere and eastern Europe – would immediately take its place. We know too well what happens when countries in that part of the world, with enormous rural populations and nothing to sell but the produce of their fields, find themselves thrown on their own resources.

The European Community remains obsessed, however, with its own esoteric internal problems – ratifying the Maastricht treaty and so on. It is like the householder who concentrates on nothing but his plans for repainting the house while groups of potentially violent beggars are gathering on the front lawn.

In the eyes of the France's political leaders, the redecoration has to take a vernacular, traditional form. The traditional France, implied by the vote in the National Assembly and most leader writers, is one of smallholdings and gross inefficiency, a single broken telephone at the *poste* which is always closed. Nobody would imagine from the rhetoric this week that French prosperity rests on foundations that differ from those of, say, Lower Slobovia.

And even when it comes to the five per cent on the farm, it was left to a newspaper in the Pyrenees to get near the truth: "To speak of the interests of farmers as if they were all the same is a destructive myth...the richest five per cent earn 35 times as much the poorest five per cent."

Now here are two very, very difficult questions which the finest minds of the Assembly could not answer on Wednesday: which group benefits from the present system? Which group does the government say will lose from any change?

After the vote for a veto, opposed only by those who felt it did not go far enough, *Libération* wrote that the Europe of Maastricht was at risk: "History has overtaken the dream and devoured it, and so it is, all things considered, quite logical that history should now have clad herself in peasant finery...A compromise must be found."

Libération added: "The least one can say is that unanimity, overweaning demands and recourse to a worn-out lyricism hardly prepares one for it." But who is prepared to compromise with France?

James Morgan

■ *James Morgan is diplomatic correspondent of the BBC World Service.*

FT schools 1,000 – the examiners' notes

EIGHT months is an eternity *in school league* tables. When the FT published its first survey of private school A-level performance in March, complaints at the very idea of publishing "raw" results flooded in. Now, after two FT surveys, a host of rival exercises from other papers, and finally last week's marathon effort by the Department for Education, almost everyone outside the teachers' unions realises they are here to stay.

Our latest survey, the FT-1,000 published on November 1, provoked hardly any letters objecting to the principle of publishing comparative exam data. Jonathan Riley, headmaster of Emscote Lawn prep school in Warwickshire, was a lone voice, "looking forward to reading about chairmen of governors clandestinely approaching head teachers in plush hotels with fat signing-on fees and even larger salaries. Second division soon becomes second best".

However, the issue of what the tables reveal remains controversial. The critics, in full voice since John Patten's efforts, suggest they are little more than snap shots of the deprivation with which a school has to contend, and/or the degree of selection it employs. The two are essentially different points, though often conflated. Selective schools draw many of their pupils from deprived backgrounds, while many a comprehensive has a thoroughly middle-class clientele. Judging by our responses, parents are not blind to the social and selective characters of schools. They focus mainly – and rightly – on the differential performance and fees (in the private sector) of institutions of similar type.

The question of selection featured prominently in responses to the FT-1,000. Vivian Anthony, secretary of the Headmasters' Conference, wrote: "I hope the message that comes through will be that a whole variety of factors affect the performance of schools, and none more important than the quality of the entry into a school."

However, the idea that even top schools have the pick of the bunch is strongly denied by many of their heads. Tony Evans, headmaster of Portsmouth Grammar, which came 144th in the survey, said any notion of his school being free to choose its pupils was a "serious oversimplification".

"There are no fewer than seven sixth-form colleges within easy distance, with five other schools mentioned in your table equally accessible. There are very few schools which now have a monopoly."

Much pleasure, and some surprise, was expressed at the strong A-level performance of some state schools and colleges. "It is gratifying that you note what good value can be found in the state sector," wrote Alan Hiscock, chairman of the governors of Brooklands College, Surrey.

"It is worth restating that the private sector as a whole does not earn higher examination results in strict proportion to the fees charged." His only concern was that we had not been able to rank further education and tertiary colleges in the survey.

John Howson, deputy director of Oxford Polytechnic's school of education, thought performance tables were "fraught with danger," but necessary, "not least for the benefit of parents whose work requires them to move around the country".

His concern was that "the variables that go towards producing any set of results are too complicated to allow easy comparison between schools". The five-year score was a help, "but not if it forces any school to say to any child that they cannot be entered for an examination because their entry might adversely affect the score the school could achieve."

Howson was also concerned that with the growth of vocationally-oriented qualifications at the post-16 level "there is a danger that your survey, by using just A levels, has selected too simplistic a measure which does not reflect the direction post-16 education should be taking at this juncture".

The question of how good schools expand, explored in the survey through articles on Bristol and Forest School, London, was taken up by Will Bartlett, a research fellow at the School for Advanced Urban Studies at Bristol University. "If a popular school faces an excess demand for places, there is no mechanism whereby extra funds can be channelled to that school to allow for an expansion of capacity," he wrote, highlighting a serious weakness in the government's plans to promote market principles in education.

Bartlett also pursued the question of funding. Minimum fees charged by private schools in Avon are around £3,000, whereas Avon county council provides only £2,153 per sixth form pupil in the county – "and considerably less than that for other secondary school pupils".

The 1988 Education Act, by linking recurrent funds to pupil numbers, was intended to create a quasi-market, directing funds to successful schools. But, says Bartlett, its main effect "has been to bring about a reduction in funding for inner city schools, and a further deterioration in the service offered to the least advantaged pupils".

The FT score, which gave equal weight to performance per entry and per candidate, caused some anxiety. Mrs B Hamnett, head of the sixth form at Jews Free School in north London, told us that of JFS's 115 candidates, 37 took only 2 A-levels, and 8 one only, mainly for health reasons. "The objectivity of any particular indicator does give us cause for concern."

Valerie Bidwell, headmistress of Norwich High School for Girls, took issue with the decision to exclude general studies.

"General studies is, in fact, a good discriminator: students who will achieve A and B grades in other A-levels will tend to achieve a similar grade in general studies...Should A-level results in modern languages be discounted if the candidate is a native speaker? What about the candidates who may take A-level art without attending classes if sufficiently gifted?"

Answers on the back of a post-card, please.

Alas, like the education department's, our survey was not free from slips. Some were caused by incomplete information, some were our fault.

Alsager Comprehensive should be in Cheshire, not Staffordshire.

Clifton High School for Girls should have got a mention as one of Bristol's leading independent girls schools.

Honley High School, Huddersfield, has 36 per cent of its pupils studying maths and science and six per cent modern languages, against the 20 and 11 per cent given.

Longridge Towers School, Berwick-upon-Tweed, Northumberland, should have been ranked third equal in the value for money table for boarding schools, with its annual boarding fees of only £7,110. It is also the top-performing school in the county.

St Helen's School, Northwood, Middlesex, was ranked twice in error. The entry giving it 572 pupils, and placing it 120th, is the correct one.

St Peter's School, Bournemouth, is a church (Roman Catholic) School, with 1,462 pupils (not 137). It achieved 2.4 passes per pupil, and its FT score was 0.87 (not 0.68), giving it a ranking of 738th.

Southampton Technical College gained 1.9 passes per pupil, not the 0.3 stated.

Wirral Grammar School: the proportion taking science/maths courses was 38, not five per cent.

Andrew Adonis

One man's war

■From Page 1

activities a distraction from the main business of defeating the Germans, at a time when victory was far from certain. The report was published only after Bracken persuaded the cabinet that to suppress it would cause an outcry.

"Even the enemy took notice," says Peter Baldwin, Professor of History at the University of California (Los Angeles). "The Nazis were piqued that, by promising the state's concern for the material well-being of its citizens, Beveridge had appropriated what they regarded as one of their best propaganda weapons"

Not everyone was so admiring. The insurance industry objected to the prospect of a state takeover of a large amount of its business. The Prudential even produced a briefing to enable the "man from the Pru" to argue the case against Beveridge on the nation's doorsteps.

But how was the government to react? Churchill's policy adviser, Lord Cherwell, told him that he should accept the report entirely, or shelve it until after the war. The worst thing for the government, Cherwell thought, would be to appear to accept it half-heartedly and under pressure, while diluting its proposals.

But this was just what the War Cabinet did, partly because of pressure from the Treasury and partly because Beveridge's abrasive style had antagonised so many ministers. By the time the report was debated in Parliament in February 1943, the government had accepted 16 of the 23 recommendations. But even then, the event was turned into a public relations disaster. The colourless John Anderson, Lord President of the Council, appeared lukewarm just as the report was becoming a banner of hope amid the terrors and privation of war.

In a radio broadcast a month later, Churchill said he supported a national social insurance scheme for all classes "from the cradle to the grave". But this was too little and too late to save him from electoral defeat in 1945. Ironically, Beveridge was also rejected, losing Berwick, the seat he had taken for the Liberals in a 1944 by-election.

But sadly for Beveridge's vision, the implementation of the report after 1945 was flawed. The unified benefit rates for the new national insurance scheme were nearly a third below what Beveridge had recommended as necessary for subsistence. There was also no commitment for annual uprating to inflation-proof the benefit levels. This, in turn, left a growing number dependent on the means-tested safety net.

Many modern critics also question Beveridge's reliance on insurance as a basis for eligibility for benefits. Beveridge

Beveridge: war on five giants

felt that the payment of insurance contributions would eliminate the stigma of dependence. Again, this noble aim has been overtaken by the growing numbers in poverty who have never been contributors, especially single parents. A two-tier welfare state has been created, in which one group enjoys contributory, non-stigmatised benefits and another relies on the means-tested safety net.

Beveridge has also been criticised for his insistence on flat-rate contributions and benefits. On the contributions side, this simply proved inequitable – and it was not long before contributions became earnings-related, implying an element of redistribution as well as social insurance.

The payment of flat-rate benefits was designed to encourage people to continue to make their own provision to top up the state pension – Beveridge was keen not to discourage thrift. But he was too successful: these benefits are at subsistence levels and most better-off people have made additional pension provision for themselves, so much so that for many the state pension has become a relatively unimportant source of income in retirement. This has undermined their commitment to a welfare state in which all pay into and draw out of a common pot, allowing the level of the state benefits to remain at very basic levels.

Beveridge's vision of a health service commanded almost universal support for most of the post-war era, but his optimism that costs would fall as the nation's health improved turned out to be completely wrong. This means that his fundamental assumptions are now having to be reassessed as medical costs and the demand for health care rise ever more steeply.

However, Beveridge's welfare state was a product of the age. All social classes shared the same air-raid shelters and suffered the same blitz. Rationing represented deprivation for the middle classes, but it meant cheaper food and better nutrition for many working people. And the evacuation of over 4m mothers and children to the country broke down many social barriers.

In such circumstances, people accepted high taxation and common sacrifice. Beveridge's vision was seductive in a regimented wartime society, with the economy under strong central control and common suffering. But since the war, rising affluence has eroded that feeling of social solidarity, while new social problems have overtaken the report's original credo.

As the celebrations begin next week for the 50th anniversary of the Beveridge report, it would be equal folly to blame him for the defects of the welfare state as to idealise its conception during the horrors of war. Those reshaping the system in entirely different circumstances have yet to find a modern equivalent of Beveridge's vision and sense of the public mood.

HOW TO SPEND IT

***Lucia van der Post** tests designer trees, pulls tasteful crackers and examines inventive alternatives to paper streamers and battered baubles*

Christmas with bells on it

HALF THE fun of Christmas, it seems to me, is the chance it gives to dress the house up to the nines. No need for quiet, restrained, good taste – more a chance to indulge your decorative fancies to the full, to be as opulent, as self-indulgent, as over-the top as *you fancy*.

These days there is no excuse for just hauling out the cheap paper streamers and the battered box of baubles – for the well-heeled and lazy the shops are filled with decorative delights, while for the enterprising with initiative and energy to spare lots can be done for very little.

Habitat has some well-priced decorations this year with pine-bedecked boughs and cone trees starting at £9.95. For decorating the tree choose from three different themes – circus (acrobats at £1.95, strongmen at £2.50, lions at £1.95), American folk art (carved wooden animals such as fish and reindeer) or Shades of White (in more traditional mode with frosted icicles, garlands, white wooden wreaths and doves).

Every Christmas Thomas Goode of 19, South Audley Street, London W1 asks a clutch of celebrities and designers to come up with a festive table theme. This year's collection is as inspirational as ever. Many, but not all, of the components are individually expensive but the ideas come free and can, with some ingenuity, be re-invented at home. Elaine Paige, for instance, uses a rich red and gold theme and though her wonderful Michael Szell print cloth of golden fans on red is expensive much the same effect can be achieved at lower cost. She uses red and gold fabric bows, gold lay-plates, gold and red napkins (the rings finished off with musical instruments) and hangs a central candelabra with tiny oval and heart-shaped mirrors, tassels, crystal clusters of grapes and ribbons.

Lady Kathleen Grade goes in for cream and gold with a cloth-of-gold undercloth topped by another of rich cream woven with golden roses. Viscount Linley's Breakfast for Two (a dashing black stocking for his Christmas guest) is in the new Basic Goode's department and is much more contemporary in mood – he uses a breakfast table in sycamore, inlaid with macassar ebony and vavona burr. Hugh Johnson takes a gardening theme and uses a painted watering-can as a centre-piece and twisted twigs as decoration.

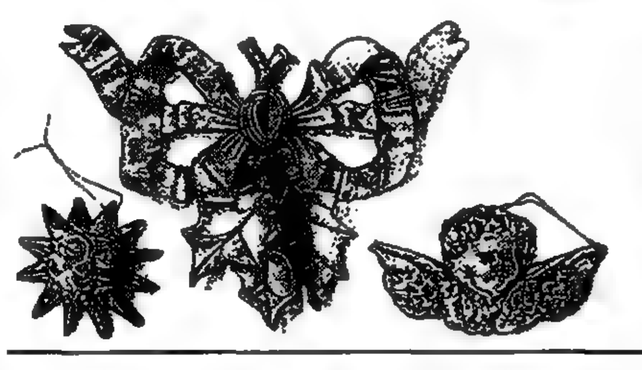
Jane Churchill, 135 Sloane Street, London SW1 and 3 Christopher Place, St Albans, Herts. has expanded its range of accessories on the home-front and for Christmas has masses of small decorative ideas. There are miniature chocolate Christmas puddings (£3.95 for eight), plain creamy candles, tartan-wrapped if you want to give them as a present, tartan terracotta flower pots and gold-embellished decorations for tree, table and room, all at accessible prices.

Greenwood & Lacey, Richmond Bridge House, 417-421 Richmond Road, Twickenham TW1 2EX (telephone 081-741-1377) is a source of stylish decorations – not cheap but they are original and most will last for years. A poinsettia topiary tree in a tartan pot, some 14 in high, is £44; a Mediterranean Olive Wreath, made from dried globe thistles, hydrangeas, love-in-the-mist, paper roses, fabric hydrangeas and zinnias is soft, enchantingly pretty and costs £49.

There is a splendid collection of rose hips, seed heads, cinnamon sticks, berries, hazelnuts, eucalyptus leaves and tiny terracotta pots centred round a candle, for £45. A 24 in long Christmas Swag of preserved foliage, artificial plums, gilded walnuts, mushrooms and lots of red, red roses, is £58.

ILLUSTRATIONS: ASHLEY LLOYD

Sketched above is an enchanting variation on the traditional wreath – a mixture of dried peonies, rose-buds, walnuts, seed-heads, eucalyptus, scented cones, cinnamon sticks: £49.50 (p and p £4.50) from Forever Flowering, Orchard House, Mortlake Road, Kew Gardens, Surrey TW9 4AS. The company has lots of other dried flower presents, from lace crackers filled with rose petal pot pourri to baskets of country flowers. Top right, candles this year will be glam – Thomas Goode, 19 South Audley Street, London W1 has a big range of candle embellishers from the simplest, shown here, a sconce in bright blue or clear class, £20.75 to elaborate bejewelled wire frames. Pin Christmas cards to this length of green ribbon trimmed with a Cameron tartan double bow. Buy them for £13.50 from The General Trading Company, 144 Sloane Street, London SW1.
Below, Christmas decorations from Jane Churchill, 135 and 151 Sloane Street, London SW1 and 3, Christopher Place, St. Albans, Herts. The sun is £1.95, the angel £1.95 and the bow is £6.50.



Sketched above, from left: brilliant blue star-spangled glasses, Firmament bleu by St. Louis, £188 for champagne flutes, £182 for white wine. Straight-sided starry clear glass hurricane lamp, £18.50 from Jane Churchill, 135 Sloane Street, London SW1. Indian tree-fragrance scented candle in a brass pot, £30, gilded wax candle decorated with faux pearls, £8.25 from Thomas Goode. Hurricane lamp, one of a pair, hand-decorated, gilded and glazed, in green and gold, blue and gold or rust and gold, £365 the pair. Round gold tin lay plate £7.50 each, gold star plate £60.25, in silver £40. Also from Thomas Goode.

Tried and tested trees

NO HOUSE ever seems properly decked out for Christmas without a tree. One of the quintessential Christmas images, the tree is a marvellous decorative device besides being a useful focal point for the presents.

Notions of how to dress the tree vary. Some families have rituals that can never be altered, others prefer to ring the changes. Anybody wanting inspiration might like to know that from December 2 to December 8 12 different designer-decorated trees can be seen on display at Sotheby's, 34-35 New Bond Street, London W1. The trees have all been donated to the Save the Children Fund and will be auctioned at a gala dinner on December 9. Anybody wanting one of the trees does not have to go to the dinner – sealed bids can be left at Sotheby's.

Decorative ideas range from the almost impossible to copy (such as Garrards' enchanting pearl pagoda tree alight with strings of pearls, crystals and silver bells) to Simpsons of Piccadilly's Teddy Bear tree (sketched below) which would not be beyond the talents of most of us to emulate.

When it comes to real trees, the word is that prices are up this year – in the region of 5 per cent for home-grown trees and between 15 per cent and 20 per cent for imported ones, due to the devaluation of sterling.

Many families like to buy directly from the grower – the British Christmas Tree Growers Association, 12 Lauriston Road, Wimbledon, London SW19, will supply a list of places where they can be bought in return for an SAE.

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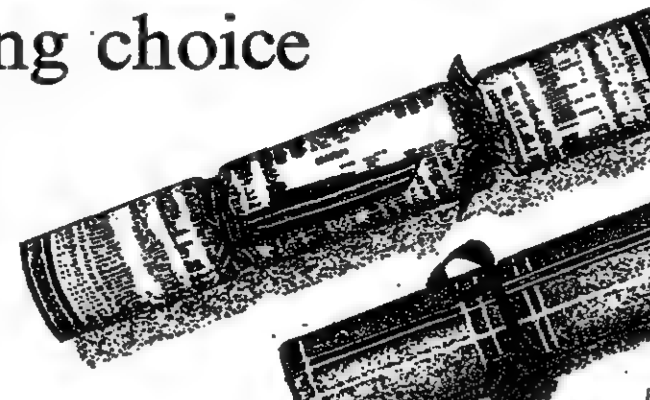
Artificial trees are improving all the time. *Pulbrook & Gould*, Liscartan House, 127 Sloane Street, London SW1X 9AS (mail order available) has found some beauties. Made by hand with very fine pine needles, some are very hard to tell from real. The prices may at first sight seem horrendous (£95 for 5ft 6in, £129.50 for 6ft 6in) but bear in mind that they can be packed away into a 4ft by 18in box and brought out year after year looking fresh.

A cracking choice



CRACKERS go on getting better and better. Times were when to find a cracker that one could bear to look at, let alone one which made the spirits soar, meant a trek to decorator shops whose stock-in-trade was chic and which had a vested interest in keeping up taste levels – with prices to match.

These days the wares offered by even the humblest chain store have vastly improved. BhS, for instance, offers miniature crackers in good plain colours like silver, red, green or gold, at just £2.99 for 12 and grown-up sized ones filled with Belgian chocolates, at £2.99 each. But for those who want something a little different there are several companies that will do crackers to order.

Minds Eye Crackers sells crackers which you can fill yourself. A set of six in green, red and gold, costs just £5.99 and comes complete with a joke and hat to add to the present you choose. Find them in in most good stores – Harrods, House of Fraser, John Lewis, Selfridges, Hamleys, W.H. Smith and more.

Completely Crackers offers what you might call a bespoke cracker service. There are nine designs from which you choose first the look and then the filling. Presents include such things as pot-pourri, beeswax candle, a natural sponge or sunglasses. Standard crackers are £21.95 for six, luxury ones (presents like a rosewood box, pewter photo frame) £24.95 for six. From Completely Crackers, Mandara House, 56 High Street, Pewsey, Wiltshire, SN9 5AQ. Tel: 0672-63229.

Designer Crackers offer 17 designs, all hand-made, ranging from The Businessman's (made from the *FT*, what else?) to Glitz at the Ritz (day-glo colours and sparkles). Choose the fillers from a comprehensive list – finest Belgian chocolates, bottle openers, cufflinks, tape measures, finger puppets and the like. From Designer Crackers, Church Cottage, East Morden, Dorset BH20 7DW. Tel: 092945-514.

HOW TO SPEND IT

Be crafty with your presents this year

***Lucia van der Post** trawls the craft fairs, shops and stalls in search of individual gifts with character and style. She comes up with a range of goodies as diverse as champagne flutes and pig paintings*

Jack-in-the-box Christmas fun

CRAFT FAIRS are, of course, one of the best places to look for presents if what you are after is something fresh, original and unlike the mass-manufactured goodies that most of us unwrap on Christmas morning.

This year there are more fairs than ever to choose from – standards vary widely but almost all offer something of the fun of the treasure-hunt, with bits of tat to be found sitting next to pieces of stunning beauty.

Covent Garden has its Apple Market stalls every day from Tuesday to Saturday which sell everything from handmade silver, jewellery and sweaters to this jolly collection of Jack in the Boxes by the Jack in the Box Company. Small sizes are £9.95, medium, £14.95 and large, £19.95.

On December 5 and 6, from 11 am to 5 pm (admission £2.50) the Richmond Fellowship's annual crafts fair will be held at Peacock House, 8 Addison Road, Kensington, London W14 8DL – all proceeds to the fellowship which helps rehabilitate the mentally ill. Thousands of hand-made items will be on sale – everything from food to jewellery.

Turning to the wood craft folk

THOSE IN the Sussex area or prepared to make the journey to Lewes, will find some truly beautiful work at 14 Star Brewery Workshops, Castle Ditch Lane, Lewes, East Sussex.

There, a clutch of crafts people have workshops as well as a gallery from which they sell unique pieces. Open every day from Tuesday to Saturday, from 10.30am to 6pm, craftspeople will be holding open house today, showing exactly how they produce their wares.

Rose-Marie Yeh is a wood turner who makes marvellous decorative bowls, such as the one photographed left, crafted from spalted beech (£60). She also produces some wonderfully original boxes, hand-carved from redwood, at prices that start at £30.

David Weeks recycles glass to produce some stunning coloured lead crystal, candlesticks, glasses, goblets, bowls, vases and jugs.

A triple rim bowl, in Delft blue, lapis blue and violet is just £38.

Mo Hamid sells her hand-thrown stoneware pottery, much of it using blue and white glazes, influenced by Islamic Art, Continental Majolica and Dutch Delftware. A tiny jug, 5in high, is just £5.90.

Hand-painted original glass

FUNKY STUFF is the place for wild and whacky glass, all hand-painted, all original, all the work of two young designers, Emma Kennedy and Cathy Ashley. The pair started by finding what they describe as "the perfect champagne flute" (photographed above) and then experimented in techniques for painting on glass. Now they paint anything from glass-topped tables to original perfume bottles. There are vases and jugs, tumblers and goblets, all can be painted to order and prices vary from £29 for a champagne flute to £45 for a large vase.

Funky Stuff is at 837 Fulham Road, London SW6.

Mary Fellows designs and makes original ceramics in an equally irreverent, colourful mode. Her work seems inspired by Mexican crafts. She decorates things such as candelabra, mirrors, clocks, lamps and jewellery with her sunny decorative themes. Candlesticks start at £9, a double one at £13, a clock is £95, while mirrors range from about £30 – £40. See and buy her work at Unit B4 & B5, The Wren Centre, Hampshire Farm, Westbourne Road, Emsworth, Hampshire or tel: 0243-370111 for a mail order leaflet.

Wine with a birthday twist

I ALWAYS feel that it is a great pity that around about now our old friend, The Man Who Has Everything, seems to get the very best of the presents while the the poor chap who has precious little and who probably needs some serious cheering-up gets the left-overs.

So here is an idea for He Who Has Had A Lousy Year or for He Who Deserves it – a bottle of finest vintage wine to coincide with the year of his birth.

Stephen Williams, whose brainchild the Antique Wine Company is, has been collecting vintage wines from houses such as Latour, Pauillac, Petrus, and Cantenac-Brown for many a long year. So far has never been stumped. He has already supplied individual bottles from vintages as far back as 1901 to customers all over the world.

Anybody broaching the idea ought to give Stephen Williams a ring first, give him the year and then discuss with him the options and the prices.

Prices will vary according to the finesse of the wine, its age and rarity. Stephen Williams pays great attention, too, to how well it has been stored and cared for in the years since it was made. Tasting notes can be supplied with the wines for those who are interested.

The wines are all seriously fine and frequently rare so prices are not cheap – you would need to think in terms of spending somewhere between £170 and £500. The wine comes in an important-looking box accompanied by a copy of *The Times* of the exact day of the birthday, wedding anniversary, or other celebration you choose. A splendid present for a real wine buff.

For the full wine list and further details write to The Antique Wine Company, PO 19 Albert Road, Tamworth, Staffordshire, B79 TJN. Tel: 0827-64174.

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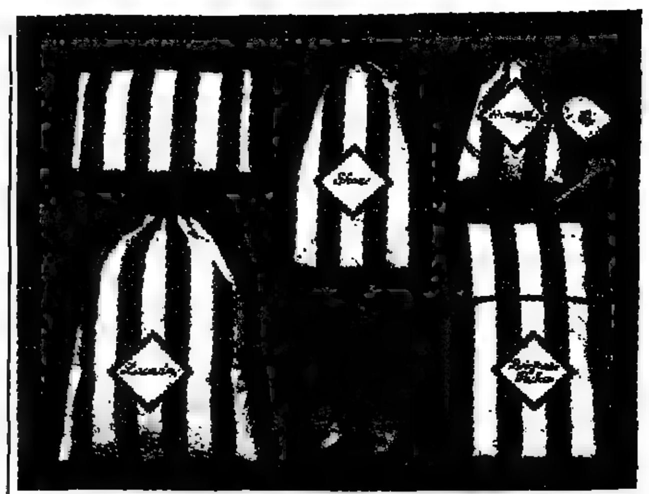
If wine is not his scene, give him a special day out – Red Letter Days will organise anything from a day's rally driving or microlighting to a bungee jump or a day at a health spa. You could give a one-day cooking course, a trip to the theatre, a lesson in anything from falconry to golf and target shooting.

Prices range from £25 to more than £500, the recipient chooses days to suit himself and the present arrives in the form of a Red Letter pack with details of the present, how to take it up and even the option of changing it for another of the 200 different experiences on offer. For the catalogue of ideas write to Red Letter Days, Freepost, London N12 0RG. Tel: 081-343-8822.



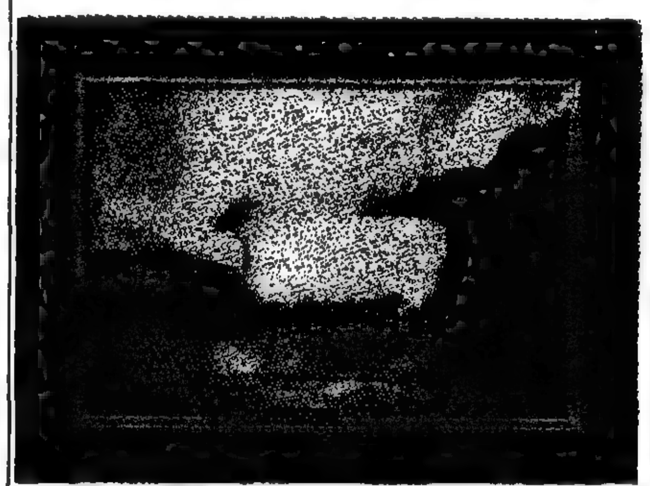
Travelling in good order

THE TRAVELLING Companion range sports a limited collection of attractive, useful travelling bags designed to bring order and tranquillity to the most disordered of packers. There are some 14 different designs, some – like the collection photographed here – aimed specifically for men, others aimed at women.

For Him there are broad stripes in burgundy and white or navy and white and the bags include designs to take shirts, shoes, socks, boxer shorts, slippers (comes complete with a pair of slippers) and laundry. The briefcase packer, seen here, is designed to hold a shirt, tie, pair of socks and boxer short and fit neatly into a standard-size briefcase.

For Her the fabric is also striped cotton sateen but this time in pink and white or ivory and white and the range includes bags for stockings and tights, lingerie, brushes and combs, shoes and hair accessories.

Designed by Jenny Mort of Mort Sellars Designs, The Guardship, Church Street, Chiswick, London W4 2PH (tel: 081-995-0023) the range can be seen in the toiletries department in Harrods, other stockists from Mort Sellars Designs. Prices range from £14.50 for a brush and comb bag to £25.95 for a briefcase packer.



A certain animal attraction . . .

A READY-FRAMED picture is one of the nicest of presents.

For those whose tastes run to the nostalgic and traditional, Martin Wiscombe has produced a limited edition of 150 prints of three animal portraits painted originally by himself in the manner of 18th century English naive art.

These were the sort of animal portraits of prize stock usually done as a record for the gentry and farmers in the 18th and 19th centuries.

Martin Wiscombe goes to immense trouble to ensure that the finished product looks authentically aged – he paints in oils and acrylics on wood, finishes the painting with several layers of an ageing varnish, then finally crackle glazes them. All the frames are hand-painted and finished with gold-leaf.

Choose from The Gloucester Old Spot Pig, The Shropshire Ram (photographed above) or The Shorthorn Steer.

Each is £55, including the frame, postage and packing (three cost £145) and are available direct from handmade in Wiltshire, Allington House, Allington, Devizes, Wiltshire SN10 3NN. Tel: 0380-860-314.

FASHION


Age of elegance: Dallying with rich fabrics in autumn/winter '92

Queen of inspiration

***Brenda Polan** talks to Vivienne Westwood, the fashion world's enfant terrible*

THE BRITISH like to think of the French as culturally inflexible and, in some ways, not least their chauvinism, they are. But in their concept of culture itself and what may constitute one of its vital components, they are much broader and more open-minded and experimental than the British.

So it is highly significant that it was in a modern art museum in a French provincial town last week that Vivienne Westwood received a standing ovation.

In Anglo-Saxon culture, the designer is artisan not artist and, should he or she become uppity enough to forget it, astonishment, mockery, contempt and ridicule will be the reward.

Vivienne Westwood OBE, twice British Fashion Designer of the Year (1990 and 1991), has experienced all that. She is used to it, but not inured. Highly intelligent, well-read and intimidatingly (and, according to many commentators, inappropriately) cerebral, she would say, before the British fashion industry's tardy recognition, in a bewildered tone: "I don't know why I am not given the esteem I deserve. My clothes *are* wearable. They *are* commercial."

Yet they have never sold in large numbers and they have never made her rich (although her ideas have made others so), and even as it acknowledged her, the British fashion industry remained nervous.

It still regarded her, affectionately of course, as a creative genius whose work needs to be interpreted by a less eccentric designer before it becomes wearable. And interpreted it has been.

Vivienne Westwood is probably the most copied designer of the last two decades. Her peers, the international community of designers, are unstinting in their praise and, often, shameless in their borrowing of ideas. It was the designer Azzedine Alaïa, a man who acknowledges her overwhelming influence on late 20th century fashion, who began the process which culminated in adulation in Bordeaux when he invited her to show her collections at his premises in Paris.

The audience smiled delightedly and applauded throughout as an enormous catwalk was populated by the seminal fashion ideas of the past two decades. First came the Let It Rock collection which dates from 1971 and her collaboration with Malcolm McLaren, creator of the Sex Pistols, and which evoked the soot-suited Teddy Boys of the 1950s. Next on was Punk (1976-79) which, with its overtones of sado-masochism, was described by Umberto Eco as "semiotic guerrilla warfare".

Then the Pirates (1979-81), trigger for the New Romantic movement of the early 1980s, swaggered on. This revived a late 18th-century cut which, instead of following the lines of the body, opposed them, creating folds and sags.

"I was interested," says Westwood, "in the effects of garments made from squares of fabric, shaped only with gussets, and how such clothes affected posture and movement. We tend nowadays to assume that people used to cut clothes like that because they didn't know any better. They did. They just liked the effect."

The Savages collection for spring 1982 pursued this theme, but looked at versions from the folk dress of other cultures. It inspired other designers to experiment with asymmetric layering. The collection which followed, Buffalo Girls (autumn 1982), was possibly the most influential Westwood has ever done. She focused on the Indian women of Latin America, recreating their layered skirts and petticoats, their bowler hats worn on top of a head scarf, their sturdy brassieres worn over their blouses because, above all, a bra is for them a status symbol, an expensive north American artefact.

From this moment stemmed all the various experiments with corsetry as outerwear which culminated in Jean-Paul Gaultier's costumes for Madonna and hundreds of thousands of adolescents worldwide sporting Wonderbras on the dance floor.

Hobo-Punkature (spring 1983) came next, triggering bag-lady chic and the passion for prematurely aged or "distressed" clothes.

Then, with Witches (autumn 1983) Westwood presaged the return to a body-delineating style of dress when she began to work with tubes of knitted and Lycra-impregnated fabrics. She continued in this fabric-led direction with Hypnos (spring 1984) which explored the erotic possibilities of the silky, stretchy fabrics created for sportswear. Gym wear and cycling shorts became a staple of young women's daily wardrobes.

For the following autumn, she changed direction and, *with the Clint Eastwood collection*, supplanted Hollywood's glossy, tight-trousered Wild West with a more authentic mix of unpressed 19th century city clothes, cannibalised denim and native American pieces, mixing in a mass of 20th-century American logos.

During the following two years, 1985-86, she developed the mini-crini, in her version hooped and bell-like, swinging seductively as the wearer walked. "We assume nowadays that the crinoline and the corsetry that went with it were uncomfortable and constricting and hampered women," she says. "But people wore corsets for comfort and posture. They liked them. I liked the crinoline because it took up space, made its wearer imposing and I suspected that it felt very sexy to wear. I liked the strong femaleness of the archetypal fertility-symbol shape as well."

Her next preoccupation was to be the Englishness of English style and its class associations. From Harris Tweed (autumn 1987), through Britain Must Go Pagan to Time Machine, she concentrated on tailoring, juxtaposing elements from the wardrobe of the Queen with classical draperies, boned bustiers and 1940s platform soles.

BY spring 1989 and Civilizade, she was in *a rococo mood*, inspired by the Commedia dell' Arte and using rich fabrics, ornate decoration, a theme developed by other designers, especially Gianni Versace.

In Voyage to Cythera and Pagan 5, she dispensed with the skirt, proposing the body-suit adorned only with a gold fig leaf or stylised, graffito-like erection (to be flashed when the wearer opens her jacket). Soon everyone was going skirtless.

Westwood developed her theme of clothes as definers of gender in Portrait (autumn 1990), cross-dressing her models in chalk-stripe menswear-style suits, shirts and ties and contrasting it with the Boucher-printed corsets and body suits sporting a pretty, frilled satin codpiece.

With the following collection, Cut, Slash and Pull (spring 1991), she looked to the *street fashion for torn* and frayed jeans and related it to the Renaissance fashion for slashed clothes. The undergarments were pulled through the slashes in the overgarments, adding the age-old erotic charge of the intimate on display. "All clothes," she says, "have to be about sex. As soon as you do a new cut, you look at the body differently."

Starting with Dressing Up in autumn 1991, Westwood has, through collections called Salon, Always On Camera and Grand Hotel (spring 1993), explored two versions of glamour: the work of the great couturiers, particularly Christian Dior, and Hollywood's vulgarisation of it. "We have forgotten," she says, "how anarchical Dior was, how, with the cut and structure of New Look, he changed the relationship of clothes to the body. He spent a lot of time underneath frocks in museums, working out how they were constructed. That's my method, too."

But neither could be called copyists. "Historical clothes are, if you like, an inspiration, a starting point for experimentation. Couture is getting more and more crude because people are not experimenting enough with cut, they are not working on the body, so they recycle the same basic shapes and play only with detail. That's why people who copy me often get it wrong. They think it is a matter of detail when it is all in the cut."

Westwood trained as a teacher, primarily of art, and brought to her accidental profession (McLaren had a shop to fill and told her to fill it) an analytical curiosity which had rarely been applied to clothes before. In clothes-making, she was to discover *her own credo*: "An idea is pointless unless you have the technique to give it form."

She is also a natural heretic and particularly likes to quote Bertrand Russell: "Orthodoxy is the grave of intelligence."

"Conservatism leads to stagnation," she says. "Only scepticism is creative. It is the job of anyone who claims to be civilised to oppose and question accepted ideas." When she filled McLaren's shop with studded leather and slick rubber and the other accoutrements of sado-masochism, she explained that she was interested in the "control" of sexuality inherent in the clothes and accessories. The consensus then was that sado-masochism degrades women; just as she was later to speculate about the crinoline and the corset, Westwood wondered whether it might not, conversely, empower them.

Nor, of course, is her current *preoccupation with the couture* of the 1950s at all straightforward. "I am into elegance now," she says. "I think, in this tasteless world, elegance can be subversive." Certainly clothing has been used politically throughout history. The couturier, however, descended as he/she is from the court dressmaker, is traditionally on the side of the establishment, of orthodoxy. It is the role of the artist, the philosopher, the writer to question orthodoxy. Perhaps that is why Westwood is so disconcerting to her domestic audience. Fortunately for her self-esteem, boosted to the point of euphoria last week, the French see things differently.

■ Vivienne Westwood's current collection, Always on Camera, stars extravagant fake furs including pink leopard, mohair coats, tweeds, elegant Dior-style suits, the *rococo corset and lace-printed* denims as well as witty costume jewellery and watches designed for Swatch. From Vivienne Westwood, 430 Kings Road, London SW10 (tel. 071 352 6551) and 6 Davies Street, London W1; Smith and Westwood, Unit 2, Clayton Square, Liverpool. Pieces from previous collections at the Westwood Sale Shop, 41 Conduit Street, London W1.


Return to glamour in spring '92


Cut 'n Slash from '91

SPORT

Rugby Union

Gloucester glory fades into crisis

***John Hopkins** chronicles the decline of a club that has failed to keep pace with progress and faces relegation*

Before the fall: Ian Smith (left) watches his front row, (l-r) Bob Phillips, Kevin Dunn and Peter Jones, bind in the Pilkington semi-final. Only Smith was in last week's side

DOWN the years, watching Gloucester play rugby at home has offered several pleasures. They nearly always won at their beloved ground, Kingsholm, and it is so close to the city centre. When covering a match there, the routine is to park in the cattle market or near the cathedral, lunch at Moran's, and then stroll to Kingsholm to see the elver-eaters consume another hapless victim.

Sadly, though, this last ingredient has not been available this season. Moran's flourishes, the cathedral remains a brooding presence and the spectators are as partisan as ever. But Gloucester, for years one of the strongest clubs in England, are in crisis. In the Courage leagues, the first half of which ended last Saturday, Gloucester have tumbled to a position perilously close to the relegation zone of the first division. The division is being shrunk to 10 teams next season so four of 13 members will be relegated this year.

At the start of the season, the clubs that seemed the likeliest relegation candidates were West Hartlepool and London Scottish, which had come up from the second division; Rugby, which had just avoided going down; and Bristol or London Irish. You would never have thought of Gloucester as being in danger. After all, last season they were semi-finalists in the Cup and finished fourth in the league. Yet, the unthinkable has happened.

They have played six matches in the league and won only two, the second being the victory over Saracens at Kingsholm one week ago. They have four points and are equal ninth with another surprising struggler, Orrell. Last season, Orrell finished second in the league, level on points with Bath, the champions. Now, they and Gloucester hover just two points ahead of West Hartlepool, Saracens and Rugby. Tenth place means relegation.

The troubles at Gloucester began last summer when 12 men, including England star Mike Teague, left to join rival clubs. Undoubtedly, some of them were poached, attracted by offers of a better job, a car, money, or some other inducement. Gloucester officials refuse to dirty their hands in what they regard as a rather grubby trade. Theirs is a one-sport city and there have always been plenty of good local players from which to choose. When Gloucester faced Leicester recently, every player was born within 10 miles of the cathedral.

"We will not break the rules" says Keith Richardson, the club coach. "If the RFU change the rules then that is a different matter but, at the moment, we abide by the present rules. If we do not run a centre of local excellence, who will? Somebody has to. If others have different systems, it is up to them. It would be a tragedy for rugby union if a club like Gloucester were stuffed by this sort of thing because the worst kind of people would then be in the driving seat."

Gloucester's style of play has, however, been rendered out of date by the new laws. They have always played to their forwards; but forward dominated drives, moving upfield in 20-yard surges, do not work now because if the forwards are stopped and do not release the ball quickly, then a scrum is awarded to the defending side.

If there is one scene that sums up everything about Gloucester rugby club, its style of play and its supporters, it is this. Picture a night of stygian gloom at Kingsholm with rain slashing across the pitch. Gloucester win a ruck or a line-out and the ball moves to the stand-off, who hoists a steepling kick. From the 10,000 spectators comes a roar of "Glaw-ster, Glaw-ster." Meanwhile, all the forwards and many of the backs converge on the man who is trying to catch the ball.

"Gloucester used to be a club you measured yourself against," says Tony Russ, the coach of Leicester. "If you went to Kingsholm and won, that was a mark of a reasonable side. But that is no longer the case."

At times like these, of course, everything that happens is for the worse. Gloucester could have beaten Leicester in September. In spite having a player sent off, they fought back from 8-22 to 21-22. Against Wasps a couple of weeks later, they had territorial superiority, only to lose 14-9. In fact, they lost each of their league matches by one score. To cap it all, in beating Saracens they lost Marcus Hannaford, their scrum-half, to a wild punch. They do not have a reserve. It never rains, it pours.

Even at their best, Gloucester were far from all-conquering away from home. At Kingsholm, however, they were well-nigh unbeatable. So, although those losses at Leicester and Wasps hurt, they were as nothing compared with the home defeat by West Hartlepool, which had lost all its previous league games.

There were signs of a revival when, first, Welsh club Pontypool and then South Africa's Transvaal province were defeated. Drastic team changes lay behind these victories. Out went the entire front row – including Peter Jones, who had played for Scotland last season – and in came the front row from the second team, the United. The team that beat Saracens showed seven changes from the team defeated by West Hartlepool.

When the leagues started in English rugby, they increased the pressure on first-class clubs. With this season's change in the structure of the leagues, which means that four clubs go down to the second division, the pressure is increased even more. Thus, Gloucester look vulnerable.

"We have always said here that as long as we can keep our own players, then we do not need to worry" says Peter Ford, the chairman. "But we lost 12 in the close season. It may be time to change our policy."

The leagues start again on January 9 and, in the second half of the season, Gloucester face London Irish, Northampton and Bristol away and Bath, Orrell and Harlequins at Kingsholm. They need to win two and probably three of these games – otherwise, they will be relegated. This does not bear thinking about. But it could happen if they are unable to come to terms with the modern game – both its playing and its administration.

Tennis/**John Barrett**

The $1m birthday for a player bred to succeed

IT WAS a majestic performance. Boris Becker's destruction of the world No.1 Jim Courier in last Sunday's final of the IBM/ATP Tour Championship in Frankfurt - a 6-4 6-3 7-5 drubbing that spanned 143 electrifying minutes - ranks in my mind alongside Lew Hoad's 6-2 6- 1 6-2 execution of fellow Australian Ashley Cooper in the Wimbledon final of 1957.

In full flight the muscular Hoad was a formidable sight, a supreme athlete whose sheer physical presence dwarfed those around him. Even with a wooden racket Hoad's strength of forearm and immaculate timing allowed him to flick his early winners with awesome arrogance. It is the same with Becker. In his thrilling semi-final against the Croatian left-hander Goran Ivanisevic that ended in a third set tie-break, his ability to return the cannonball service with interest turned a close match his way. The pace of shot from both men was quite exceptional and the lack of error remarkable. "I don't think I can play any better than that" was the winner's assessment.

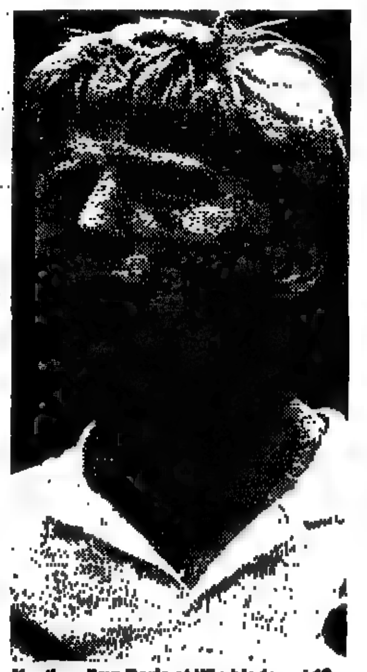
But he did, as Courier will confirm. Becker's spectacular victory on his 25th birthday earned him a handsome present of more than $1m (incidentally, Hoad's amateur prize was a silver trophy) but, more than that, it brought Boris the relief of a first big success on German soil.

Watching the emotional scenes in the cavernous Festhalle - the ecstatic German supporters singing "Happy Birthday To You", the smiling Boris holding arms aloft and turning to each corner of the arena to acknowledge the cheers, and then huffing and puffing over the candles on his huge birthday cake in the shape of a racket, then the champagne, the speeches, the awards - watching all this, I could not help wondering if I would ever witness such scenes in Britain.

It is a long time since Britain's men have given their country anything to cheer. Magnificent as Virginia Wade's Wimbledon success was in 1977, it does not compensate for the men's failure there since Fred Perry won the last of his three successive titles in 1936. No British man has won a Grand Slam title since that year. Roger Taylor was the last British man in the world's top 10 – he was ranked equal 10th in 1970 – the first to achieve that level since Michael Sangster in 1963.

Why can the nation which runs the world's most successful tournament can no longer produce any male players to challenge the world's best? The answer can be given in three words: cricket, golf and complacency. It is a problem peculiar to Britain and, to a smaller degree, Australia.

In both countries cricket and golf are part of the fabric of society, as they were long before tennis made its appearance in the last quarter of the 19th century. In the period up to 1939, British and Australian players were the equals of their American and European cousins to whom the game was still relatively new.



Youth policy: Boris at Wimbledon at 19

With the return to normal life in 1945 tennis in continental Europe embarked upon a period of expansion that was absent in Britain where the schools devoted their energies to cricket and the wealthy turned to golf. Club tennis limped along without any large investment in facilities. I grew up at The Hale, Mill Hill, a typical club of the 1950s where tennis was the poor relation of the cricket club. We shared a wooden pavilion built in the 1930s where there were no showers, and we played on the bumpy old grass courts or the dusty red shale.

Meanwhile Wimbledon was investing in the future, constantly upgrading its facilities to maintain its pre-eminence. With the continuing success of the Championships, the Lawn Tennis Association did nothing to promote the club game actively, beyond organising a series of county and national competitions. There was no awareness of the need to provide improved facilities or to promote the game against the claims of other leisure pursuits – particularly the well entrenched rivals, cricket and golf.

In continental Europe there was no cricket and hardly any golf. The wealthy invested their time, money and energy in building magnificent tennis clubs. It was the only ball game in town. While British tennis withered, continental tennis thrived. Here are the figures to prove it. In Britain, with a population of 59m, there are 2,426 tennis clubs with 225,000 active members and 35,000 "rated players" who compete in tournaments. There are 750,000 club cricketers and 2.5m regular golfers. In France (with almost no cricketers and only 214,000 golfers) the figures are: population, 57m; tennis clubs, 10,000; members, 1.34m; tournament players, 160,000. In Germany (no cricketers, 180,000 golfers) they are: population, 79m; 9,350 clubs; and 2.1m members, most of whom compete in tournaments and matches. Even in the Netherlands with its 15m inhabitants there are 1,737 clubs and 750,000 players.

It is when you look at the indoor facilities that you begin to understand why tennis thrives on the continent. In Britain the 500th indoor court has just opened. In France there are 4,000, in Germany 3,948 and in the Netherlands 3,500. Now you know why there are nine Frenchmen, seven Germans and four Dutchmen among the top 100 players in the world.

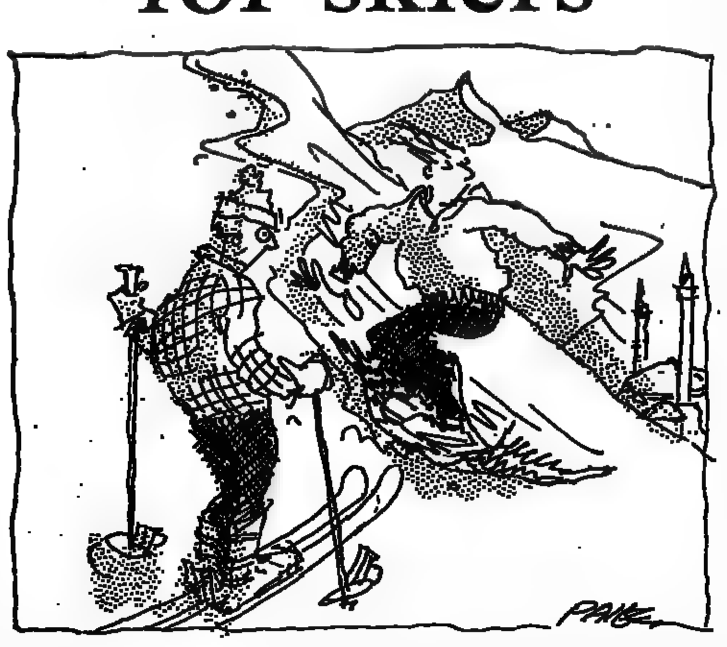
If the England cricketers Ian Botham and Graham Gooch had been born in France or Germany they would probably have become tennis players. It is the only hand-eye co-ordination sport available.

That is why the Lawn Tennis Association's initiative, announced this week, to invest £63m in facilities over the next five years to bring Britain level with the rest of Europe, is so welcome. When the base of the tennis pyramid widens significantly then the top standards will rise through the natural process of competition.

The imminent appointment of a director of marketing to sell the game to the young people of Britain is another piece of welcome news. The moment a tough kid with the talent and competitive nature of a Daley Thompson decides to make tennis his chosen sport, then there is at least the chance that a champion will emerge to inspire a real tennis boom in Britain. Perhaps it is a little premature to reserve our seats at the Festhalle for the year 2,000 in anticipation of a British victory, but at least the prospect is within the realms of possibility.

SKIING

Turkish delights for skiers



HOW DOES the thought of soaking in an ancient and genuine Turkish bath, followed by a vigorous rub-down, appeal as an alternative form of aprés ski? No? Well, there are other things you can do after skiing; and for those who connect Turkey automatically with silk carpets, bazaars and long, sandy beaches, it might be time to discover to the country's hidden face: its winter attractions.

The delights of Mount Olympus, as it was known in mythology, have long been enjoyed by Turkey's rich and privileged, even though appearances tend to outshine performance. For those in the know, a few runs on the slopes, with a quick break for shish kebab, Turkish coffee and a soak in the sun, have been a popular pastime since Kemal Ataturk, the father of modern Turkey, decided that his country should join the International Ski Federation.

With its surprisingly good snow record and eclectic culture, Turkey is an intriguing ski destination but, until fairly recently, it has failed to make much impact on anyone but the natives (although most of them can only dream of affording the money or the time to indulge in winter sports).

Then, just as British tour operators started to flirt with the idea of skiing in Turkey, the Gulf war broke out and Turkish slopes seemed suddenly to be rather vulnerable. Now, its star seems to be rising. After all, how can you overlook a mountain range with 89 peaks, all over 10,000 ft and within driving distance of Istanbul, one of the world's most cosmopolitan cities?

The fascinating mixture of mosques and ski slopes is appealing and, for those who want more than just snow and and *glühwein* from their holidays, Turkey provides adventures of a different kind.

Uludag – "God's Mountain" – is the highest peak in western Anatolia and, at 8,476 ft, is the largest and most developed of Turkey's eight commercial ski centres. The picturesque village is purpose-built, set in national parkland surrounded by an ancient forest inhabited by bears and wolves.

The dramatic setting, combined with skiing from your doorstep and a distinct lack of lift queues, gives it many advantages over other resorts.

Thirty pistes, served by seven chair-lifts and six T-bars, provide plenty of scope for beginners and intermediates and there is some quite testing skiing off-piste, too. More experienced skiers could find Uludag rather limiting, but there is a challenging mogul field and the more adventurous can hire a helicopter to get to the summit of Mount Zivre (8,340 ft) where there is virgin snow in abundance.

One of the main obstacles facing travel companies moving into the Turkish ski market was the problem of lifts, and it is easy to see why. Most drag lifts belong to different owners.

Music blares from loudspeakers attached to the lift pylons. You can take your pick between the likes of Vanilla Ice's hit single "Ice Ice Baby" at full volume, or traditional Turkish music, to inspire you before you launch yourself down a challenging run.

Uludag is about 140 miles southeast of Istanbul and was virtually unknown outside Turkey until 1987 when Ski Turkey became the sole agent in Britain for the resort. Even now, the slopes are practically deserted during the week when locals are at their desks trying to earn enough for the next weekend's skiing.

The resort offers lively, affordable aprés ski including swimming pools, an ice skating rink and a casino. There are plenty of bars and nightclubs where Turkish staff are welcoming and generous with the glasses of raki.

At the foot of the mountain is Bursa, once the Ottoman capital and famous for its thermal baths, green mausoleum and bazaar.

Most people get there by road but there is a cable car which offers breathtaking views over Mount Olympus, the Sea of Marmara, and the minarets and mosques of the ancient city which has some of the holiest sites in Islam.

One of the main attractions of Turkey as a ski destination is the chance to visit Istanbul's palaces, bridges, mosques and museums. The Grand Bazaar, with its maze of streets and 4,000 shops, never fails to fascinate, even when the strictly-observed Ramadan fast is in full swing in March.

Allegedly, many Turks put on weight indulging in midnight snacks during Ramadan, by day the hungry look in the eyes of the Turks can make you feel so guilty that you want to swallow your baklava whole.

■ *Ski Turkey is at 316 Reigate Road, Bromley, Kent BR1 5JN. Tel: 071-495-4168.*

Arnold Wilson

Scaling the heights of gastronomic pleasure

***Nicholas Lander** on the unexpected joys of ski-resort dining*

ASKED for my ideal job I would have not the slightest hesitation. "To review all the restaurants in the world's ski resorts." Aside from satisfying my desires to ski, see the world and eat well, the job would also contain enough contradictions to make the finished report – and I would certainly take my time about it – useless.

For the fact is that although you can eat wonderfully well and with spectacular views during a day's skiing, some of the most satisfying meals, while being exactly what you want, are not that special.

No matter. Because they are served at exactly the right time – usually after you fell, probably more than once; failed to conduct yourself perfectly on a ski lift; or were made to look slow and old by a posse of eight-year-olds obviously born with their skis on.

Soup tastes as though your mother had made it. Pasta joins body and soul. A region's local specialities – raclette, tarteflette, roesti – justify fully your decision to have chosen that particular resort. And that is before you move on to the cakes, hot chocolate or schnapps that may see you down the last run faster than you had thought possible.

But how do these restaurants manage it? It is hard enough in normal circumstances to hire staff and find supplies and suppliers. The only apparent advantage these eating houses in the sky seem to have is a relatively captive audience.

According to Annie Schwab, who now runs Winteringham Fields in Yorkshire but who met her husband while running a restaurant above Zermatt when he was a chef in the Swiss village, the answer is meticulous planning.

All the heavy items to the highest restaurants – wine, water, gas tanks – must go up on the "rat track" in the autumn before the snow has fallen, although helicopters are being used increasingly. "Skidoos" can take supplies to the lower places.

The rubbish and dirty laundry comes down every night in black bin liners on the "blood wagon" used for injured skiers.

Staff is actually not a problem as all resorts are inundated with ski-mad chefs and waiters, many from Down Under and keen to see Europe. The restaurants in the villages get the pick of the crop, however. With their main business in the evenings, the days are free for staff to ski.

Communication with the outside world – or lack of it during an electricity cut – can be a special problem. If a restaurant does not know something special is happening on the other side of the valley, it can be left with a lot of food on its hands. And any restaurateur in the sky must realise that after a *fascht nicht* – when bars and restaurants in the village can stay open all night – he will not see many skiers the following morning.

Schwab says the food on offer in these restaurants has changed. Twenty years ago, when those who went skiing were predominantly "serious" sportsmen, lunch was a prompt invasion that lasted no more than half an hour and involved, at most, a glass of mulled red wine. Today, it can be champagne and lobsters flown in live from the south of France.

But not for me, and not just on the grounds of expense, either. Last winter in Morzine, perspiring gently and with my boots unclipped, I found that the pleasure of eating a local speciality cooked simply cannot be bettered or improved out of the region.

The place was Cousin Michel (tel: 50.79.15.06), a shop that sells the local hams and cheeses with a restaurant behind. After a morning's skiing we ordered the local speciality, a *vacherin roti*, without really knowing what the cooking technique involved.

They began by delivering platters of the local hams and potatoes baked in silver foil over a wood-burning oven. Then, from the pizza oven, came a whole *vacherin* – a soft, creamy cows' milk cheese – that had been roasted in its wooden box. The crusty top was sliced off and the ham, potatoes and bread dipped into the warm, runny cheese. This, with a salad and a bottle of Mondeuse, the local red wine, was nectar.

On our last day I bought all the raw ingredients – vacherin, salamis and hams – packed them in my suitcase and brought them home. I cooked them all just as I had remembered; but without the sun, snow and sore feet, they really were not that special.

Independents offer most excitement

***Jancis Robinson** selects wines that are a class apart from the supermarket norm*

ON TWO Saturdays near *Christmas*, I will devote this column to the better last-minute wine buys from the supermarkets and the high street chains. But, in many cases, I will do so with a heavy heart.

It is the independent wine merchant which is most in need of a sales boost derived from column inches – and yet inconveniently, with name, address and telephone number, it takes up so many more of them than the simple word 'Tesco' or 'Sainsbury'.

Pure price comparisons rarely flatter the independent, yet in terms of wine excitement per penny, the better independents often win hands down.

Here are some wines I have particularly enjoyed over the last few weeks. Their individuality sets them aside from what is all too often the anodyne supermarket norm, selected not because they art too good to miss but to sell at a certain price. The following are mostly red, mainly because so many whites taste the same nowadays:

■ ***Domaine d'Escausses 1991**, Gaillac*, Denis and Marc Balaran. £4.99, Madeleine Trehearne, 20 New End Square, London NW3. (Tel: 071-435-6310). Imported from the Trehearnes' neighbours in France, the worst possible recommendation one would have thought, and yet this was one of my favourite cheaper wines this autumn – plummy yet complex and very well made from a typically Gaillac blend of local grape varieties. A gold medal winner in Paris and Toulouse. For drinking now (unlike its oaked white counterpart).

■ **Syrah 1990 Domaine *Fadeze***, £5.25, Lay & Wheeler of Colchester. (0206-764446). A distinctly superior oak-aged Vin de Pays from the Languedoc that held its own when compared with a Crozes-Hermitage from one of the best producers at nearly twice the price. For current drinking.

■ **Malvoisie, 1990**, Jacques Guindon. £5.45 Yapp Bros. Mere, Wiltshire. (0747-860423). A real oddity from the Loire – scented, rich to the point of sweetness but with lovely acid and concentration. A truly interesting aperitif.

■ **Dr Loosen Riesling, 1991**. Around £6 from: David Alexander of Maidenhead (0628-30295); Hampton Wine of Thame (0844-213251); Bottleneck of Broadstairs (0843-861095); the Hazlemere Cellar (0843-861095); Philip Eyres of Amersham (0494-433823), David Alexander of Maidenhead (0628-302950); and, soon, the Wine House of Wallington (081-669-6661) – see what I mean about space. A consistently lively Mosel demonstrating the usefully open character of this vintage in Germany.

■ **Cape Mentelle's stunning Australian** reds, especially Zinfandel at £8.95 and Cabernet Sauvignon at £10.60 from Adnams of Southwold (0502-724222). The West Australian mother operation of Cloudy Bay, New Zealand's famous Sauvignon Blanc, is even better at making red wines to my mind, and outclasses most Californians with its delightfully *accessible Zinfandel* grape. The 1990 Cabernet impressed some fastidious French palates recently, but both 1989 and 1990 were excellent vintages.

■ **Ch Roc de Cambes, 1991**, £75 a dozen, ex-cellars from Windrush Wines of Cirencester and 1990, £11.63 a bottle, from Corney & Barrow, London EC1. This is Cotes de Bourg as you have never *known it. Made by the passionately* meticulous Francois Mitjavile of St-Emilion Ch Le Tertre Roteboeuf, Roc de Cambes provides the opportunity to drink exceptionally well-made claret at non classed-growth prices. The 1989 was ridiculously cheap and is already drinking beautifully. Roc des Cambes is unfortunately no longer a well-kept secret and prices have risen, but it was one of the few properties unscathed by the 1991 frost.

■ **Ch La Mission Haut-Brion 1987**. £144 for 12 bottles or £149 for six magnums from Layton's of London NW1 (071-388-5081) or André Simon shops of London W1 and SW1. This large independent has £3m worth of fine wine to sell and La Mission 1987 is one of the best priced. One of the most concentrated 1987's, to savour now and throughout the decade.

■ **Domaine Leroy 1990 burgundies** from Farr Vintners of London SW1. (071-828-1960) Quick! Buy some of its tiny allocation of quite sensational classics (at classic prices) before US wine guru Robert Parker raves about them. *He has already scored those from the* Cote de Nuits from 90 to 100 out of 100 so they sold out in a trice, but some from the Cote de Beaume remain out of the clutches of those who buy numbers not flavours – until the next issue of Parker's newsletter in December, that is.

■ **The Wine Society Champagne**, £150 a dozen, and Fino, £4.75 a bottle from The Wine Society of Stevenage (0438-741177). This special offer will hold until January and gives members £4 off a well-matured bottle of champagne, non-vintage but based on the 1988 cuvée, from the delightfully traditional house of Alfred Gratien.

The case price works out at £12.50 a bottle – a bargain for those who like the idea of drinking Bollinger-like champagne at an own-brand price. The Wine Society also boasts probably the finest range of sherries in the UK. Its Fino really is fresh, and tangily dry without being a wine for specialists only.

In the same week I was told by Tesco that any wine priced at more than £3.99 *a bottle was a struggle to sell.* Fortnum & Mason's wine buyer introduced me to its "house Pauillac", the delicious second wine of top bordeaux Chateau Pichon Lalande 1989, no less, which is selling pretty well in Piccadilly at £14.50.

Meanwhile, Morris & Verdin, the London SW1 fine wine importers which I reported on a month ago, concerning currency-enforced repricing, enjoyed record business last month. Perhaps some people are beginning to realise that the independent wine merchant is a breed that deserves our attention.

From Jancis Robinson's reprinted Vines, Grapes and Wines (Mitchell Beazley, £14.99)

Cookery/**Philippa Davenport**

Rich, comforting winter fare

GOOSENECK pudding is, I believe, a recipe worth waiting for. Which is just as well, since I mentioned in September that I planned to make one with the neck of my Michelmas goose, and some of you have been waiting patiently to hear how it is done.

Gooseneck pudding is not, as one reader hypothesised, a goose giblet variation on steak and kidney pudding – although that idea might be worth trying. It is a pudding as in black or white pudding or *boudin:* in other words, a sausage, the neck skin of the bird being used as a casing.

In *First Catch Your Peacock*, Bobby Freeman refers to Welsh cooks making gooseneck puddings filled with goose blood, oatmeal and onions. These were boiled, sliced when cold, and fried in bacon fat. In *Goosefat and Garlic,* Jeanne Strang describes the far richer confections of south-western France where goosenecks may be stuffed with foie gras, truffles, wild mushrooms, wine-soaked currants and pistachios, and cooked in a deep pot of simmering goose fat.

I was thinking along more English lines – a stuffing meatier than the first sort but more modest than the second. And I planned to "roste hym and serve hym forth," much as English court cooks did in the 15th century.

For pudding purposes, the neck of a goose is best chopped off as close as possible to the body and close to the beak, as this gives maximum length of skin. A busy butcher is apt to cut the neck only as far as it has been plucked. But if you buy a long-legged bird – ie, one with its head and feet on – you can pluck the full length of the neck and head (white ruffs of feathers usually are left on purely for aesthetic reasons) and cut it accordingly.

Even if the neck skin is long the pudding, when parcelled up with stuffing, is unglamorous. Mine, admittedly on the short side, looked more like haggis than the stylish Cumberland coil I had expected. Clearly, a swan-neck pudding would make a more elegant dish – and I dare say it did in royal circles once upon a time. But taste is the main thing, and I suspect that the rich savour of the skin and the liver of a goose is hard to beat.

Start skinning gooseneck at the wide (body) end. Ease the skin away gently from the flesh of the neck and then roll it back on itself, turning it inside out as you do so – like peeling off a glove. This is much easier done than said. Quite a lot of fat may cling to the skin at the wide end. Scrape and shave it away carefully with a knife.

Remove the two tubes that run the full length of the neck: an elastic, hollow, worm-like windpipe and a whopping gullet (I realise now how easy force-feeding must be when fattening geese for foie gras). Wash them under a cold running tap, using a bottle brush or teapot spout cleaner to "chimney sweep" them if you want to add them to the stock pot.

Use strong eyebrow tweezers or small pliers to pull out any quill stubble that might remain in the neck skin. Sprinkle the skin inside and out with coarse salt and set it aside while preparing the filling.

For my first gooseneck pudding, I used some of the meat picked from the gooseneck itself (only scraps that were pulled away easily – enough remained on the bone to produce a small quantity of light stock); the heart and gizzard of the bird; two or three rashers of green, streaky bacon; and some very lean belly of pork, well seasoned with salt, pepper, garlic and thyme plus a tablespoon of brandy for good measure.

As many people may prefer to save most of the giblets to make gravy to serve with roast goose, my second attempt at gooseneck pudding used only the liver, pork meats and seasonings. Not quite such a rich and unusual mixture, but very good indeed nonetheless.

Either way, you need a total of 1 lb of meats (prepared weight) for the stuffing. Chop the goose liver into little nuggets by hand. Mince or process the rest to chop them more finely.

Wipe moisture and salt from the goose skin and, while it is inside out, sew it up along the wide end. Turn it right side out so the stitches are hidden neatly inside. Spoon in as much of the stuffing as the skin will hold comfortably (but do not pack it too tightly: the pudding will swell a little in cooking) and sew up the second end.

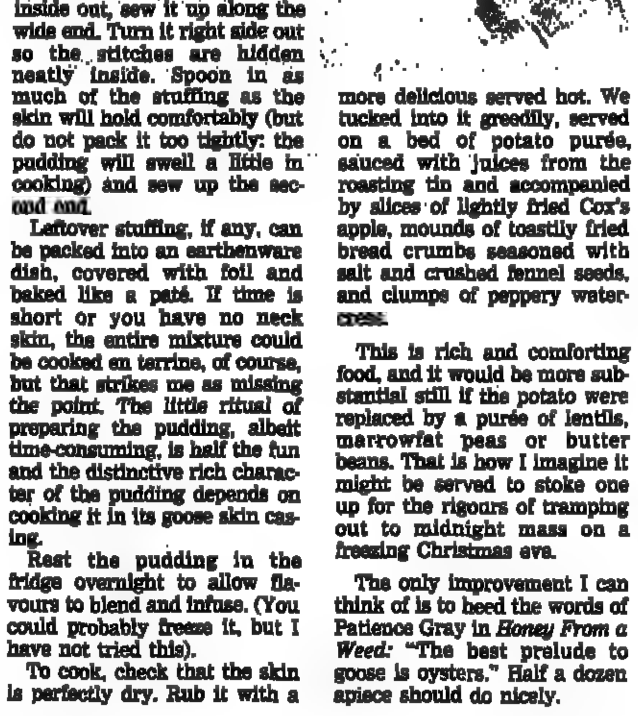
Leftover stuffing, if any, can be packed into an earthenware dish, covered with foil and baked like a paté. If time is short or you have no neck skin, the entire mixture could be cooked en terrine, of course, but that strikes me as missing the point. The little ritual of preparing the pudding, albeit time-consuming, is half the fun and the distinctive rich character of the pudding depends on cooking it in its goose skin casing.

Rest the pudding in the fridge overnight to allow flavours to blend and infuse. (You could probably freeze it, but I have not tried this).

To cook, check that the skin is perfectly dry. Rub it with a modicum of salt and lay the pudding on a rack in a roasting tin. Roast for 50-60 minutes at 350-375°F/180°-190°C (gas mark 4-5), turning the pudding once or twice so that the skin becomes crisp and well coloured all over.

If serving it hot, let the cooked pudding stand for around five minutes before slicing. Carving is a joy – this is the stage when the cook's labours are rewarded. The slices fall firm and neat from the knife. Suddenly, the pudding looks professional and the contrasting textures enticing: a crisp ring of skin encircling the *solid, meaty centre studded* with nuggets of liver and fat.

Best of all is the eating. Gooseneck pudding makes an excellent first course, and a very pretty one if slices of the cold meat are laid on individual plates garnished with a few frizzy endive or chicory leaves. I served mine with pickled prunes and toasted ciabatta.



Gooseneck pudding is even more delicious served hot. We tucked into it greedily, served on a bed of potato purée, sauced with juices from the roasting tin and accompanied by slices of lightly fried Cox's apple, mounds of toastily fried bread crumbs seasoned with salt and crushed fennel seeds, and clumps of peppery watercress.

This is rich and comforting food, and it would be more substantial still if the potato were replaced by a purée of lentils, marrowfat peas or butter beans. That is how I imagine it might be served to stoke one up for the rigours of tramping out to midnight mass on a freezing Christmas eve.

The only improvement I can think of is to heed the words of Patience Gray in *Honey From a Weed:* "The best prelude to goose is oysters." Half a dozen apiece should do nicely.

Malts to savour

FOR SEVERAL years now, Oddbins has been the high-street leader for its excellent range of wines. Its secret seems to lie in its openness to new ideas as well as an adventurous young team of buyers who receive the very minimum of interference from their parent company, Seagrams.

Oddbins has always had a good range of malt whiskies, but in recent years its list has got better and better. Now, in the run-up to Christmas, it has pulled a new plum out of the Scottish pudding in a range of cask-strength malts.

The mention of cask strength naturally requires a note of both explanation and warning. Whisky runs off the still at around 65 per cent alcohol.

When the time comes to bottle the whisky the strength is broken down to somewhere between 45 and 40 degrees depending on the targeted market (the lowest strength is generally reserved for Britain).

Most people put a splash of water in their whisky, even at 40 per cent, and this is thought to make the whisky "blossom" and reveal further aromas.

Kenny Fraser, the distiller at Aberlour on Speyside, merely rinses the glass with water, adding that the few drops left clinging to the side will do the trick. Nor should tap water be used. Scottish spring water is available just about everywhere these days.

Oddbins cask strength whiskies are nearer 60 per cent so prepare to add a little more water to your glass to bring out the best in the spirit.

Oddbins has selected individual casks belonging to the brokers Cadenhead. They represent small quantities of different batches of whisky each with its own distinct character. Some of these have been in relatively new Bourbon casks which give the spirit a toffee or fudge character which for me at least, detracts from the flavour of the malt. Others have been run into casks previously used for Oloroso sherry. In some cases I found the fruity, sherry character had overwhelmed the whisky.

Here then is my personal selection from the list. Some are released in Scotland only:

■ **Clynelish 1972, cask 5641**, northern Highlands. This is the undoubted star of the range. Like Islay's Bruichladdich, this is a sensationally fruity whisky with a bouquet of strawberries and peaches (£35).

■ **Glendronach 1970, cask 26** Speyside. This is something of a classic with its aromas of honey, lavender and heather.

The cask 25 had rather more sherry character which obscured its bouquet a little (£37.50).

■ **Springbank 1980, cask 182**, Campbeltown. There was considerable cask variation here, but 182 was a clear winner with its redolence of burnt sugar and bananas. On the other casks, the toffee character of new casks – or the raisiny tastes of sherry wood – *appeared to mask the basic fla*vour of the whisky (£29.99).

■ **Lagavulin 1978, cask 128**, Islay. The iodine character associated with Islay malts was unmistakable here, yet the whisky had a certain elegance of structure. Cask 14 appeared to have a light intriguing sea-weed character. Cask 127 smelled too strongly of new Bourbon wood (£29.99).

■ **Glen Albyn 1975, cask 3344**, Speyside (Scotland only). This comes from a distillery that has since been demolished. Like Clynelish is is a fruity whisky with a bouquet of apples, pears and honey (£33).

■ **Talisker 1978, cask 2, Skye.** Extremely peaty whiskies of this sort tend to be an acquired taste. Tasting this might be likened to walking through a hospital ward. An outdoor whisky: put a bottle in *your pack before you next go* yomping. (£29.99).

Many of the other malts in the Oddbins range seemed to have overdone the cask. The disadvantage of releasing individual lots in this way is that you may not blend up the whisky to balance out these defects. *Not that malts such as* Alt-a-Bhainne 1980 (£29.99) and Pittyvaich 1977 (Scotland only – £29.99) will fail to find admirers.

■ **Glenugie 1980** (Scotland only – £29.99) had gone overboard on the sherry cask, leaving it the colour of teak with a aroma one might have easily mistaken for Spanish brandy. Clearly its owners had second thoughts too: the distillery has been demolished and on its site stands a motor mechanics workshop.

Giles MacDonogh

Appetisers/**Nicholas Lander**

André Simon shortlist

THE André Simon Awards are made every year to the best book on food and wine. The *books shortlisted for this* year's award are:

Food: *In Search of Plenty* by Oded Schwartz (Kyle Cathie, £17.99); *Real Fast Food* by Nigel Slater (Michael Joseph £14.99); *The Curious Cook* by Harold McGee (HarperCollins £15.99), *La Tante Claire* by Pierre Koffman & Timothy Shaw. (Headline, £19.99), *Vegetable Pleasures* by Colin Spencer (4th Estate, £9.99) and *Dr William Kitchiner, Regency Eccentric* by Tom Bridge & Colin Cooper English (Southover, £14.95).

Wine: *Port Wine Quintas* by Alex Liddell & Janet Price (Sotheby's, £25), *Puligny Montrachet* by Simon Loftus (Ebury Press, £19.99), *Portugal's Wines and Winemakers* by Richard Mayson (Ebury Press, £19.99) and *The Great Domaines of Burgundy* by Remington Norman (Kyle Cathie, £30).

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One book that will never win any literary prizes but should be in the glove compartment of anyone planning a trip to France is Richard Binns's *French Leave Encore* (Chiltern House £9.99).

This is Binns's first book for five years because of ill health but it is worth waiting for. He and his wife, Ann, have acted as researchers, designers, editors, indexers and proof-readers.

The guide includes autoroute hotels, hotels for those planning longer stays but excluding French provincial *three-star restaurants which*, Binns argues, no longer provide the right kind of value.

□□□

One mail order service which could certainly prevent backache this Christmas is the Elite Beer Company's, ofJubilee Estate, Foundry Lane Horsham, West Sussex. Tel: 0403-261554, fax: 0403-217632.

It has produced a range of beers for the aficionado – from Europe, Australia, the US, Russia, Peru and Venezuela. Mixed cases include a sample taster case (20 beers from 20 countries, £24.95), a world case (30 beers from 25 countries, £39.95) and a connoisseur's case (40 of the world's most special beers £64.95) and mixed selections from Europe or North America (£29.95 each).

Burgundy: good but not great

***Edmund Penning-Rowsell** assesses the merits of an early vintage and finds that prices are falling*

AFTER AN early vine flowering and a warm summer, including a very hot August, Burgundy this year had the most successful vintage of any French wine region.

The vintage began in mid-September, a fortnight earlier than usual, and before that in the Mâconnais. A heavy day's rain on the 22nd caused little dilution of grapes that were very ripe. Alcoholic degrees were high and the red wines have very good colour and plenty of fruit. They and the whites are rather low in acidity and probably will develop fairly quickly – or that was the view of the oenologist of the Hospices de Beaune wines. In the Côte d'Or, the crop was at least a good average, but it was large in Chablis – indeed, it was described as outstanding.

To generalise early on about the quality of a vintage in the Côte d'Or and Chalonnaise is very difficult because of the way the vineyards are parcelled up and the deep divisions in ownership. In the Côte d'Or this year a good deal depended on the growers' and merchants' views on the necessity or otherwise of summer pruning: a recent practice in Burgundy, imported largely from Bordeaux.

Robert Drouhin, head of one of the most distinguished Beaune *négociant* houses, which also owns or manages vineyards, said that quality this year depends on grape thinning, as did Louis Latour – although Claude Bouchard, chief of Bouchard Père et Fils, the biggest vineyard owners in the Côte, declared it unnecessary.

Louis Latour's company thinned vigorously this year, but nevertheless made a third more Corton Charlemagne than usual, compared with a normal 150 casks.

Thinning is an expensive, expert operation and another view is that it is better to prune more severely earlier in the year before the budding.

It is generally agreed that 1992 will be accepted as a good vintage – good, but not outstanding such as 1989 and 1990. Marginally the whites may be superior to the reds; but it all depends how both were made. Those who restricted their yields certainly produced the best wine.

The market has not yet opened; the recession and excessive unsold stocks in growers' and merchants' cellar mean that it may not do so until at least the spring, so it is premature to quote prices. However, if results of the recent Hospices de Beaune's auction of sales of its new wines are any guide; they will certainly be down. From their 1989 peak, the Hospices' prices fell for the third year running at auction. The average price of the 567 casks of the red *cuvées* was Ffr17,243 (£2,113); that of the 96 casks of white was Ffr21,625.

Prices would certainly have been lower still but for the frequent intervention of André Boisseau of Patriarche Père et Fils, who maintained his traditional support by buying 250 casks of the 663 sold: nearly 40 per cent of the total. Prices were also influenced by the threatened Gatt trade war. The US normally takes 25 per cent of all white burgundies exported but, significantly, there was not one US purchase at the auction.

It was a Japanese company that bought the first lot – 10 casks of Pommard Cuvée Raymond Cyrot – for Ffr60,000 a cask, though the second lot went for only Ffr15,000. Although 110 more casks were auctioned this year the sale total of Ffr11,853m compared with Ffr12,852m last year: the lowest since the small crop of 1981.

Such steep falls will not be reflected in the Burgundy trade, which is active at the regional and lesser appellations level. But in the Grand Crus (Chambertin, Musigny, Montrachet, etc) and Premiers Crus (leading Nuits-St Georges, Pommards and Volnays), business is very difficult, and for these a drop of 10 to 15 per cent may be expected on the 1991 prices, though the 1992s are finer. At the end of the campaign year in August, growers' unsold red and wine stocks were at record levels. They face not only cash-shortage problems: with their 1991s largely unsold they have no room for two crops.

Unless the economic difficulties deepen, the first 1992s – mostly whites – are unlikely to be on Burgundy shippers' lists until next autumn, and on growers' until they have bottled their wines in 1994. Meanwhile, until the more attractive of the variable 1991s can be selected by those merchants in the UK that specialise in burgundy, the best buys for the consumer are the 1990s, in both colours.

Auction time at the Hospice de Beaune

Best of the year's book vintage

Edmund Penning-Rowsell's selection of books for wine buffs

SOME of the greatest dry white wines in the world come from the village of Puligny, a few miles to the south-west of Beaune. Yet, as Southwold wine merchant Simon Loftus *Puligny-Montrachet* (Ebury Press, £19.99, 304 pages) shows in penetrating detail, its prosperity has not produced the *joie-de-vivre* that we outsiders might expect.

Instead, it is rather sad, with a declining population, vineyards 40 per cent owned by growers and companies elsewhere, fewer and fewer small independent viticulturists, no school, no café – and a bitter rivalry with Chassagne next door.

But this does not make the inhabitants, the *petits vignerons* and the owners of the big domaines such as Leflaive, Chartron and Sauzet any the less interesting or agreeable; and, over a series of prolonged investigatory visits, Loftus has produced a fascinating picture, sharply delineated and with a fine turn of phrase.

The book's core is of course the vintage (1988), of which he gives a vivid, engaging account based on Olivier Leflaive's, with whom he has close personal connections.

Even among keen wine amateurs there is often a surprising lack of historical and viticultural interest in the grape varietals from which their favoured wines are made, but Harry Eyres is editing – and Viking is publishing – a useful, well-organised series of Guides to Grape Varieties (each £13.99) of which there are four new volumes: *Chardonnay* by Tim Atkin (366pp); *Pinot Noir* by Andrew Barr (278pp); *Sauvignon Blanc and Sémillon* by Stephen Brook (255pp); and *Syrah, Grenache and Mourvèdre* by *Weekend FT* colleague, Giles MacDonogh (228pp).

Written to a common pattern, each contains an introductory chapter in which the historical background and vinification of each grape is fully described, with a section on the appropriate food to accompany it. It includes a gazetteer, listing the countries or regions where the variety is grown, with detailed notes on leading growers, holdings and output, a one-to-five quality rating and relative price range.

Chardonnay is the world's most fashionable grape grown in 25 countries, yet, 20 years ago, was virtually unknown in the New World. Atkin is by no means uncritical of the frequent heavy oaking of this grape. He quotes a typical American grower as saying: "We can't make Meursault in the United States, but we can buy new barrels".

Pinot Noir is obviously dominated by red burgundy, and Barr's gazetteer includes more than 100 of the most notable growers and merchants, all examined critically. He also pays close attention to the US north-west, which provides the best opportunity to rival burgundy.

Giles MacDonogh's three varieties are grapes of the hot south. Syrah originated in the northern Rhône, the other two in Spain. Less space is given to production description as, apart from Syrah, the grapes are parts of varying blends, but the 50 pages allotted to the Australian Shiraz will be particularly helpful to its followers in the UK.

In *Portugal's Wines and Wine-Makers* (Ebury Press, £19.99, 229pp), Richard Mayson says: "Among the wine-making countries in western Europe, Portugal has more untapped potential than any other." However, as is clear from his detailed, critical account of the table wine regions, they are only now emerging slowly from a peasant viticulture, based on a large number of local varieties and high-yielding hybrids banned by the EC.

In the Vinho Verde region, 80,000 growers are farming 25,100 hectares. Yet there are growers and merchants with more advanced techniques and they are identified and described. He also deals with port and madeira, delicious wine which, he believes, may be facing terminal decline. This is certainly the most comprehensive, well-written guide to the mostly unfamiliar, inexpensive wines of the world's seventh largest producer.

Port Wine Quintas of the Douro (Sotheby's, £25, 232pp) is not just another book about different ports and their shippers but a detailed account of almost 100 quintas (farms) that line the mountainsides of the Douro Valley which Alex Liddell visited. Although an ample index supplies all the technical data, he mostly writes about the history, the farm buildings and the way of life – until recently very primitive if not degrading for inhabitants and workers, paid about one fifth of French estate *vignerons*. At a time when single quinta wines are on the increase, this is an attractive and agreeable read. There are 71 outstanding photographs by Janet Price, who caught the severe valley between the excessive heat of summer and winter's bitter cold.

After a century of post-phylloxera and economic devastation, the Midi, which contains a third of France's vineyard area and produces up to half the national output, is now beginning to look up. For it has 37 AOC and VDQS wines and 63 local vins de pays - between them nearly 50 per cent of the total.

Increasingly, a proportion of these 100 varying wines, all subject to official regulation, will be found in shops, and Liz Berry's *The Wines of Languedoc-Roussillon* (Ebury Press, £19.99, 179pp) is a timely work of reference. Numerous grape varieties are described, and full technical details given of the AOC/VDQS wines, the grapes employed and the average output of each of the vins de pays. It also makes useful recommendations for the growing number of visitors to the world's largest vineyard area.

The democratic way of life and EC membership has spurred Spain to develop its huge wine resources: in vineyard size the largest in the world, but in output a poor fourth. Few Spanish wine drinkers here have any knowledge of the wines other than Rioja and Penedès but Hubert Duijker's *Wine Atlas of Spain* (Mithell Beazley, £25, 240pp) covers the 39 districts delimited on the Fench model. Excellent detailed maps are provided, backed by comprehensive information on leading bodegas, as well as travel information about sights and recommended hotels and restaurants. The illustrations, at least one to a page, form encouraging appetisers.

As I published three issues and contributed to eight of the original 12 of Cyril Ray's *Compleat Imbiber*, I should perhaps declare an interest in reviewing *The Compleat Imbiber, No 16* (Mitchell Beazley, £16.99, 192pp). Almost completed before his death last year, to the end, Ray retained his skill as a selector of widely differing items relating to food and drink. Wit has always been prominent in the series, and there are several examples of his witty verse.

Together, the contributions marry to conclude a multi-volume gastronomic anthology of which the earlier volumes are in steady demand.

Peñafiel castle: from Hubert Duijker's wine atlas of Spain

A guider's guide

Nicholas Lander goes on his armchair food travels

AS A restaurant reviewer, I never lack for advice. 'Go there', 'Try that', 'You will never finish what's on your plate there'. But over the past year I have been lucky enough to receive two pieces of advice I hope not to forget.

The first came from my counterpart at the *New York Times*, Bryan Miller. "Never criticise local restaurants too harshly," he told me, "they fulfil many other roles than just trying to please the critics."

The second came, almost inadvertently, from one of London's most successful restaurateurs after his business had been lauded in a national newspaper. On the night the reviewer was in, two adjacent tables had to wait a long time for their food. The review appeared on the same day as an angry, but justified letter of complaint from the occupant of one of the tables landed on the restaurateur's desk. This strengthened my belief that to do my job properly I should scrutinise other tables as well as my own in a restaurant.

These convictions were reinforced when the last of the six 1993 guides to the restaurants and hotels of the UK thudded through my letter box. My spirits have never sunk so low as on the two occasions a publisher has proposed that I write a restaurant guide and working my way through these guides I am glad I declined.

Lunch in Liverpool would be lovely, dinner in Doncaster a delight – but not on the same day, a routine many inspectors have to follow. Familiarity would bring contempt and indigestion.

The *Ackerman* and *Ronay* guides are so bubbly that it is almost as if there is nothing wrong with the quality of British restaurants. This is not a criticism that could be levelled at the *Good Food Guide*. Comments in the *Harden* guide are understandly terse because they are trying to include so much information. *Time Out's* is aimed at the readers of its magazine and the *AA'* s slightly impersonal voice is typical of a big organisation with an extensive data base.

Two guides have sought financial security via sponsorship, two by accepting advertising.

My strongest reaction to the sponsorship involved in the *Egon Ronay* and *Ackerman* guides is that I feel both have been done so tastelessly. Ronay's sponsorship list reads like a badly put-together menu: British pork followed by Haagen-Daz ice cream eaten off a Wedgwood plate, the lot paid for with a Diners' Card on which the restaurant asks for approval on a Cellnet phone.

Cleverly, Ackerman has gone for a champagne house's sponsorship but someone has forgotten to tell the illustrator how appetising an open bottle of champagne can look. Although Ackerman honestly details his restaurant interests, his desire to include all his many friends in the business makes him write about private dining clubs not open to the general public.

The two guides which accept advertising - the *AA guide* and the *Time Out Guide to London* - are also the most comprehensive of their kind (in the *AA's* case the heaviest, too). Given that the *AA* guide is weakest on London (not to mention graphic design and layout), these two together would make a good fit.

The *Time Out* guide is unusual, and perhaps most consumer friendly, in that it has divided its entries into cuisines – French, Jewish, vegetarian etc – not a practical option for a national guide.

The *Good Food Guide* relies strongly on readers' reports. This is a structural weakness. However, Tom Jaine, the guide's editor, is undoubtedly beginning to show his teeth and to convert the guide into something that conveys information as well as opinion.

The round-up lists are particularly useful.

The difficulty of being as up-to-date as possible is a problem that has preoccupied Richard and Peter Harden with the second edition of their London guide. In the 1993 edition, the lists and the maps are improved but in an effort to be comprehensive the guide includes details of restaurants that were not open at the time of publication.

The Hardens maintain that these restaurants are the ones most likely to make an impact in 1993 and are therefore what their readers will want to know about.

My reaction is that the restaurants which will succeed in 1993 are those which manage to please their customers regardless of pre-publicity. Who, for instance, would have predicted that one of London's most successful restaurants in 1992 would be a restaurant in Camden Town serving Belgian food? Certainly not me.

■ *Harden's London Restaurants* (£6.95), *The Time Out Guide to Eating and Drinking in London* (£6.99), *The AA Hotels and Restaurants in Britain & Ireland* (£12.99), *Egon Ronay's Celnet Guide* (£13.99), *The Good Food Guide* (£14.99) and The *Ackerman Guide* (£14.99). A useful accompaniment to all these would be the *1993 Michelin Great Britain & Ireland Motoring Atlas* (£9.95).

An expensive whiff of smoke

Frank Gray on changes in the Havana cigar market

NEVER MIND what else Columbus did in 1492, so far as the Cubans are concerned, he discovered the cigar. For those who are sticklers for detail, the Taino Indians he encountered on the Caribbean island were seen puffing some rolled-up leaves they called Cohiba. Anyone visiting Havana these days, as I did earlier this month, will find much evidence of the famous admiral.

Columbus's presence is manifest not only in statues, busts and paintings but in the Cohiba cigars made famous by his fortuitous landfall five centuries ago this month. The name Cohiba, in fact, was revived only a few decades ago by Fidel Castro, the Cuban leader, and was applied to a tiny selection of special cigars destined for various heads of state and the diplomatic community.

Cubatabaco, the state tobacco company, began giving the brand a commercial push in the 1980s, but its creation to be the "best-of-the-best" of the two dozen or so famous marques of Havana cigars meant supplies falling well short of demand.

In planning last year for the 1992 anniversary, Cubatabaco started to take customer demand seriously by increasing output and broadening the existing six-size range to a full family of 11 different sizes, the five new ones simply being called Linea 1492.

This means that Cohiba now comes in all the basic sizes, but there is room for further expansion as the market develops. No-one is predicting that its range will be as varied as the popular Romeo y Julieta, which has 22 different lengths and widths. The new Linea 1492 types are known simply as Siglo 1, 2, 3, 4, 5 or, in English, Century 1 to 5. Their lengths range from 4in to 6¾ inches, and their widths, or ring gauge, take a middle path from a minimum 40/64th of an inch in diameter to 46/64.

These will add to the existing six sizes which form the outer edges of the range – the Lanceros, Coronas Especiales and Panatelas at the narrower end and the hefty Esplendidos, Robustos and Exquisitos at the other. Prices for the full Cohiba family range between £5 per cigar to £15.

The Cohiba has generally been described as a full-flavoured cigar but the various sizes and shapes will each have individual flavours thanks to careful leaf selection and use of special leaves that have undergone a third fermentation, which gives them a special heft.

Cubatabaco admits that one of the incentives to expand the Cohiba range came from the departure from the Havana trade a few years ago of Davidoff, the Swiss-based cigar maker. Most merchants take the view that eventually all roads taken by discerning cigar smokers will lead to Havana, so the Davidoff move to the Dominican Republic represents something of a risk.

Davidoff only shifted manufacture after a prolonged and complicated row with the Cuban authorities, mainly about money, marketing and brand ownership.

This year, Davidoff has its 16 different Dominican sizes on the UK market. These range in price from £4.60 apiece, to its top range Anniversario No 1 at £20, one of the most expensive cigars on the market. Its continued high prices reflect its confidence that its Dominican dash will pay off. Smokers will have to decide for themselves, but a case can be made for saying that Davidoff has bridged the gap between Havana and non-Havana.

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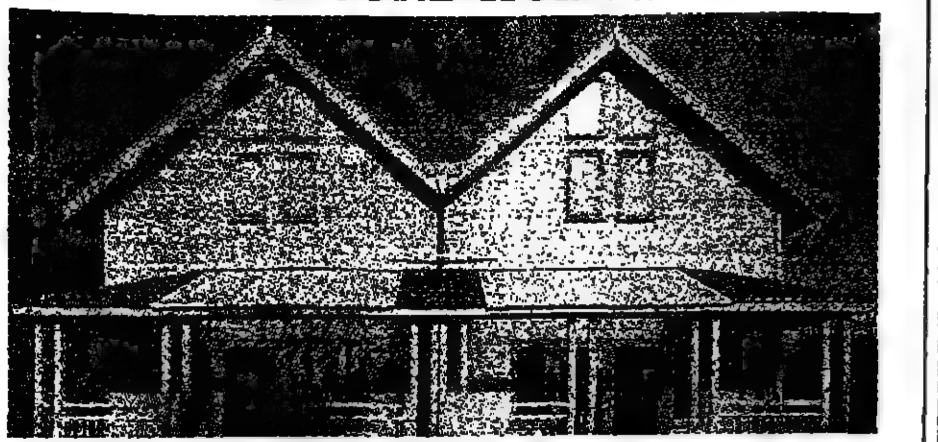

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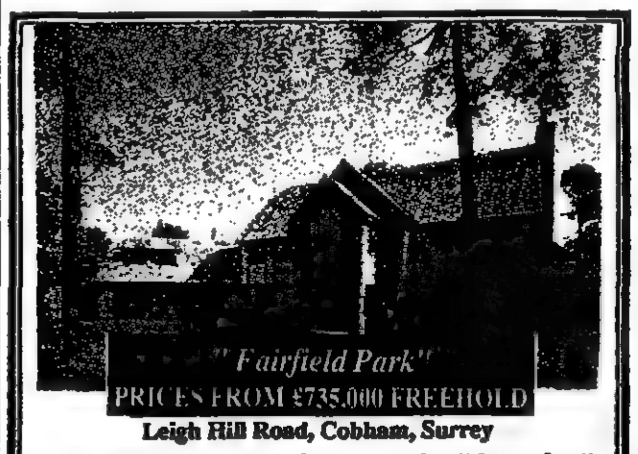

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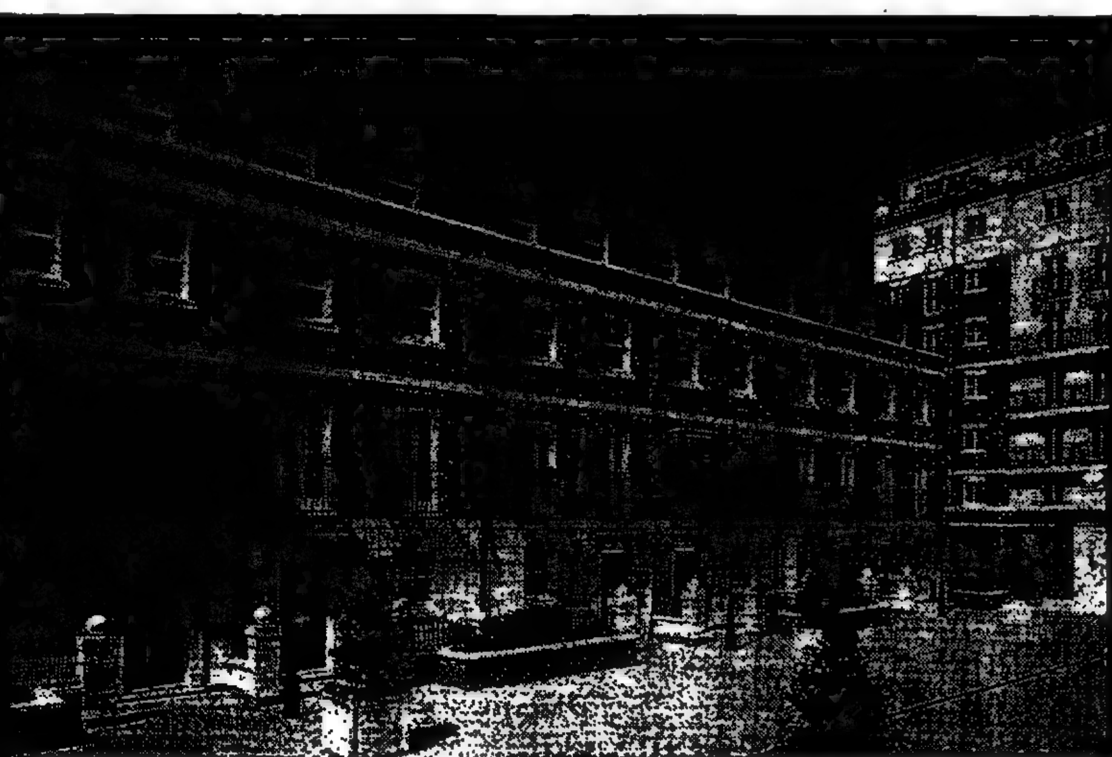

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PROPERTY

The Grade 1-listed Wardes, near Otham, Kent, which failed to sell for £450,000 and is being offered by tender with a guide price of £250,000

Sellers get a painful lesson

Instead of house prices in Kent getting a boost from the Channel Tunnel, they're back to the levels of 1986/87, reports ***Michael Hanson***

FALLING house prices are a tender subject in Kent, despite the ever-nearer advent of the Channel tunnel. It had been expected the Chunnel would boost prices but this has not happened so far. Indeed, they are back to their pre-boom level of 1986/87, which is roughly half what they were only two years ago. That has been a painful lesson for sellers.

Richard Page, of Savills in Sevenoaks, cites two examples. Meopham Bank, a Regency house near Tonbridge offered at £1.25m in the spring of 1990, has just been sold for £550,000. Pilgrim House at Trottiscliffe, which was sold in 1987 for £500,000, was re-sold recently at the same figure.

Then there is Wardes, a nine-bedroom, Grade I-listed medieval hall/house in four acres in the conservation village of Otham, near Maidstone. It is the finest of several timber-framed houses in Otham and was restored in 1912 by Sir Louis Mallet, the diplomat. There is a mural in the living room of a stag being stalked by a hunter and a panther. It was painted by an architect, Philip Tilden, to represent "the unsuspecting income tax-payer assailed on all sides."

It now needs further restoration and modernisation. Wardes failed this summer to attract a buyer for £450,000 and the house is being offered by tender – closing on December 15 – at a guide price of £250,000. The agent is Knight Frank & Rutley at Tunbridge Wells (0892-515-035).

Having sold the Grange, a rundown, Grade II-listed 17th century house on the edge of Goudhurst (which just failed to reach its guide price of £250,000), KF&R's Robin Tillett is confident Wardes will find a buyer. "We are having considerable success in selling rundown properties at formal tender," he says. "This will be the fifth since August. I believe going to tender concentrates people's minds, and rundown houses inspire the imagination."

Meanwhile, the recent sale of another notable property at Otham provides further evidence of the fall in prices. The 15-bedroomed Gore Court House, set in 20 acres and listed grade II, came to market in June 1990 at £750,000. By the summer of 1991, the price had drifted down to £450,000. Two months ago, the property was sold at auction by Cluttons for £317,500.

Nearly 18 months ago, I reported that the owners of the 428-acre Henden Manor estate at Ide Hill, near Sevenoaks, had dropped the asking price of their beautiful 18th century house from £4m to £3m because they "now have a very real desire to sell." That desire has assumed even more urgency: the price has been reduced to £2m through Savills (0732-455-551) and KF&R.

Savills also is selling the home of journalist Jean Rook, who died last year. South Riding, a six-bedroom country house in seven acres south of Edenbridge is priced at £325,000. Howard Cundey (0342-833-333) is joint agent.

"Prices have to be extremely sensible and realistic to achieve a sale," says Anthony Brooks, director of GA Town & Country at Tunbridge Wells (0892-542-711). "People don't want to listen when we say that properties are selling at 1987 prices – or even 1986 prices."

He cites Sissinghurst Park, a Grade II-listed Edwardian house in 20 acres of gardens not far from the better-known gardens at Sissinghurst Castle. It was offered at £1.2m in April 1991 but now can be had for £650,000.

Brooks has just completed the sale of the six-bedroom Woodsden Farmhouse in two acres near Hawkhurst for more than £250,000, reduced from its original £460,000. Its former barn, now converted into a five-bedroom house, is still for sale at £230,000, down from £325,000.

Simon Backhouse, of Strutt & Parker's Canterbury office (0227-451-123), explains: "We have got through the pain barrier of explaining to vendors that prices are lower." He is looking for offers around £375,000 for Tonford Manor, a Grade II, 18th century moated house in nearly six acres at Harbledown, near Canterbury; and is seeking £285,000 for the 11-bedroom Colkins, a Grade II Georgian house in almost two acres at Selling, near Faversham.

"There are a lot of cash buyers about," says Mary Grieves, of the Canterbury office of Cluttons. Acting jointly with G.W. Finn & Sons, it has just exchanged contracts at around £350,000 on Jossenblock, a Grade II Georgian house in more than two acres at East Langdon, near Dover. But Peter Bell, the Cluttons' partner at Folkestone, is still seeking a buyer for his own Grade II-listed country house: Jacques Court, near Canterbury, for which he has been asking £550,000.

Those seeking flats might, however, have better prospects – in Folkestone, at least. Says Bell: "Until 1988, we had never been able to obtain corporate rentals here, but we let 25 flats at a time in new blocks to Eurotunnel and Trans-Manche Link for their senior managers. There will be a slight glut of flats when the last people move out in 1994."

How to make life less rewarding for Burglar Bill

Charles Patmore looks at ways to keep your home safer

DO NOT spend your money on elaborate locks and bolts, whatever home security advertisements claim, because burglars say that locks rarely stop them. This is a surprising but consistent finding from a growing body of research based on interviews with burglars themselves.

But while you cannot stop burglars once they have picked your home, the same research offers clear guidance for avoiding getting chosen in the first place.

Cambridge University researcher Dr Trevor Bennett pioneered this research through interviewing convicted burglars. By discussing video recordings of houses or going for walks with them, he investigated their rationale for choosing particular homes.

"They just weren't interested in whether there were security locks, for instance, or certain types of window," Bennett says. "They generally said that they would be able to overcome any problems that these aspects of the house represented. So, beyond a minimum level of security, locks give only limited benefit."

If there were troublesome locks, for instance, the burglars said there were invariably other points for entry. As one put it: "if you want to get in, you will get in. There's no lock in the world going to stop you."

Deterring them from choosing your house is, therefore, likely to be more effective. "Whether a house seemed occupied was the factor which influenced burglars' decision-making most", says Bennett. "From what they told us, effective deterrents would be things like house lights programmed to go on and off at random at night, and all the old advice about removing milk bottles and not giving cues that you're on holiday."

But the burglar also needs the opportunity to operate unseen. Anything which hides suspicious actions from view helps him, be it thick front hedges, porches, or unhindered access to the rear of the house.

Bennett notes: "Stopping them getting round the back is very important. "Very many burglaries occur round the back of the premises. Burglars say this is because of the cover which the house gives them. So, gates to prevent rear access to the dwelling may be effective.

Besides blocking rear access, try making your home's exterior appear open to surveillance by neighbours. That might mean some loss of privacy but, as Bennett points out, thick hedges and high walls mean privacy for burglars, too.

Although burglars seek homes which are empty, where they can work on doors or windows unobserved, and without burglar alarms or dogs – conventional wisdom, which burglars themselves confirm – a house also must look as if it contains goods worth stealing. "Burglars make an overall assessment of the life-style of the people who live there from many, many, says Bennett.

"Rather than signs of affluence, burglars look more for care over maintenance of the property.

"Often, they mentioned recent painting and repairs to us. Their logic seems to be: 'If people care about the outside of their property, they're probably home-lovers who'll buy nice things for inside their homes as well. If they don't care about the outside, that's probably reflected inside as well'."

There is a final, crucial influence on your home's vulnerability – how it compares with neighbouring houses. "We found burglars made an advance decision to commit a burglary somewhere," says Bennett. "They would then go to one particular area and select a house just from among those dwellings. And the most attractive within that small group of dwellings would be the one that they would go for. So, targets which were difficult would be bypassed till they found something which was suitable."

Burglars say suitable houses are so plentiful that problematic ones can be bypassed with ease. As one of Bennett's informants put it: "Why bother with a house with an alarm when there are hundreds without them?"

On this reasoning, assess your home's vulnerability by taking a stroll down your street. Make your own burglar's short-list of houses which combine good maintenance with such giveaways as concealed access to doors or windows and no alarms. If your house fails the test, then remedy the situation.

But what if everyone takes precautions? It is a pertinent question because whole housing estates are being designed where each home features every crime prevention feature conceivable.

Two years ago, for instance, ten south-east police forces launched the "Secured by Design" initiative which offers a police approval logo for new properties with sufficient crime prevention features.

New estates can only achieve this logo if they protect every individual house. The overall lay-out must also promote mutual surveillance. Lighting must be good. Footpaths which give access along the backs of houses are excluded. Some builders even plan a deliberate age mix of residents, so there will be people around on the estate at all hours.

If everyone shares the same precautions, though, won't this cancel out their effectiveness and simply make everyone equally vulnerable? Or would burglary be displaced altogether to other neighbourhoods?

"I can't answer that with certainty," says Inspector John Houlgate, who works on the Secured by Design scheme at Scotland Yard. "It's arguable that once everybody has a burglar alarm, it will cease to be a deterrent. But, at the moment, there are enough soft targets elsewhere and I think the burglar would move to other, easier neighbourhoods."

Estates designed with anti-crime features create an uneasy, intimidating environment for burglars. Some may be deterred altogether. Others may still tackle a house, but in future avoid that estate.

"It may not deter every determined thief," says Houlgate. "But they know places where they feel comfortable and unnoticed and, conversely, where they feel the eyes of the world on them. We deter a percentage every time with every measure we take."

GARDENING/MOTORING

How to turn prose into a good mulch

A new textbook for gardening makes grandiose claims. ***Robin Lane Fox*** *finds one good use for it*

EVERY SO often, gardeners sneak off to a work of reference. It may be a good nurseryman's catalogue; it may be an informative issue of *Gardening Which?* or the excellent volumes from *Reader's Digest*, published in the 1970s. In my case, it is usually an earth-stained title by Arthur Hellyer, of which my favourite is his small *Pocket Guide*, published under the aegis of *Amateur Gardening*. This year, we have another choice: the Royal Horticultural Society's *Encyclopaedia of Gardening* (£29.95, Dorling Kindersley). The editor is Christopher Brickell, a director of Royal Horticultural gardens at Wisley, Surrey. If I say that the many contributors include Hellyer, the alpinist Jack Elliott, the tireless Roy Cheek and the rosarian Michael Gibson, you will see that the enterprise is heavily armoured.

The publishers clearly believe that this is a knock-out blow. "For amateur and professional alike," they tell us, it is "the one and only practical guide you'll ever need to own ... all you need to know about every facet of practical gardening ..." It is the encyclopaedia to end all encyclopaedia.

But on the shelves my old and trusted guides are still smiling. The new encyclopaedia has a wet layer of eco-speak, nouns piled up like adjectives, gaps, inconsequential bossiness and photographic oddities. In the old days, *Amateur Gardening* was a magazine written in good English; societies of specialist gardeners had members who knew how to use words. Recently, I nodded with pleasure when the king of our travel writers, Norman Lewis, recalled that his short list of formative reading included the bulletins of the Alpine Garden Society. This encyclopaedia is horribly written. Nouns are strung together like birdscarers on a line of polythene; trees are "design elements"; we are not designing gardens or views, but we are "designing with bulbs" or "designing with trees". One of the main features – which the editor might call a design consideration – is called Creating The Garden.

Where Genesis was reticent, the RHS jumps in. It tells us to be "creative", an idiotic word: heaven help us if we choose the wrong "cultivar". After hard days in the flowerbed, I sometimes picture the Young Cultivar, riding south in some Border Botanical Ballad with universal pansies knotted in his locks of chopped bark.

Do readers and gardeners have to flannel around with this awful word, invented by botanists who had problems about classification? The encyclopaedia has more than 3,000 photographs and I must say how much I have enjoyed them. "High brick wall supports magnificent purple swathe of a clematis", but the wall is at Sissinghurst, Kent, (unacknowledged) and so I happen to know that the clematis is the sky blue perle d'Azur and is only purple because this ultimate encyclopaedia has printed a photograph which is over-exposed.

"A mature rambler rose in full, glorious bloom", transforms a "trelliswork arbour" but I happen to recognise the arbour because it is my eldest brother's (unacknowledged) and so I know that the rose is actually New Dawn. When "designing with trees", we are told to avoid flowering prunus if we want to underplant it: at the bottom of the page, the photo and caption applaud an "informal walkway" of flowering cherries which "draw attention up and away from the borders which will in turn fill out and become the centre of interest as the blossom fades." What are we to believe: text or photograph?

Sometimes, neither. We are shown how an upright conifer forms a "tableau" beside the blazing red leaves on a tree in late autumn: "richly coloured rose blooms" complement the "golden tones of gravel" I'm glad I did not pose for the snap showing how to dig with a straight back. Many of the photographs and almost all the sketches of suggested colour schemes have the look which appeal to the management at Wisley, but not to the great amateur gardeners whom history will remember for their artistry. "To display dwarf conifers to their best advantage, add heathers to the planting scheme for bright splashes of year-round colour."

If this encyclopaedia is all we need, it ought to mention more things which we need most in the 1990s. Protection in winter is discussed and illustrated, but there is no mention of Fibre Fleece at this point, although this water-permeable blanket has changed the game for amateurs. "Whether it is a pot, tub or windowbox, any container is a potential focal point in the garden", but why is there not a word about water-retaining crystals which have transformed the "maintenance consideration" of these popular features?

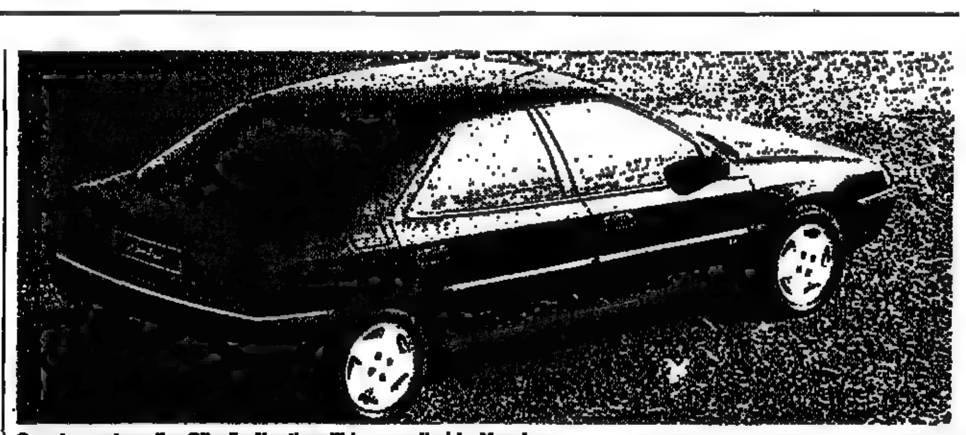
Throughout, there runs a seam of airy bossiness. The section on vegetables is the best and some (not all) of the basic techniques are clearly illustrated and described. However, about a fifth of this book is a painful statement of the obvious, often in the passive voice, leading up to cheery imperatives which command the self-evident.

"Tulips and daffodils are highly valued for the bold splashes of colour they bring to the garden in spring." Or "containerised trees are long term features, so use containers that are durable and attractive." Some suggestions seem odd. We are invited to plant a honeysuckle up a Clematis armandii, although honeysuckle will try to throttle it; we are advised to plant mixed hedges of different species but "species used must have similar rates of growth if over-vigorous species are not to dominate." Why not tell us which species grow at a similar rate?

I am tempted to quote the ultimate encyclopaedia on cottage gardens, but the section on Restoring Old Historic Gardens seems more apt for authors or readers who fear they may need no other book.

"If renovating or restoring an old and historic garden the work will vary widely ... as well as surveying the site and assessing the condition of the main features (see 'Appraising the site' page 15) try to research the history and development of the garden ... clearing paths, steps and other hard elements may also be helpful ... unusual plants may have survived such as rhododendron cultivars ... if trees are diseased or dangerous they should be removed (see 'Cutting down a tree' page 45) ... lawns and other turfed areas may not be beyond restoration. . . ."

To be fair, this modern reference book does omit one valued technique: shredding the experts. If the creative aspect sections are disbound, waxed paper can be laid horizontally on bare earth surfaces with fixatives and will decompose as a mulch alternative to chopped bark (see "Mulches as Weed suppressants"- page 574). You never know: your cultivars might love it.



Sneak preview: the Citroën Xantia will be unveiled in March

First glimpse of a star

THIS IS the first officially-leaked picture of the Xantia, Citroën's upper/medium-segment car that will be one of the stars of the Geneva show in March. But while it succeeds the BX – the first of the marque that ordinary motorists, although not car buffs, took to their hearts – the Xantia is more than a mere replacement.

Citroën says the elegantly styled Xantia will compete with the Ford Sierra (and, one assumes, its successor, the Mondio), Vauxhall Cavalier (Opel Vectra), BMW 3-Series, Nissan Primera and Toyota Carina E. To avoid a family squabble, Citroën does not mention the Peugeot 405, with which it shares components.

The Xantia, at 14ft 6in (4.44 metres) long, is bigger than the BX which comes between. It will go on sale in France in March, with a choice of three petrol engines: 1.8-litre, 103 horsepower; two-litre, 123 hp; or two-litre, 16-valve 155 hp. Diesels will follow quickly and an estate car will come later.

The top Xantia models will have computer-controlled Hydractive suspension like that of the big XM. Cheaper Xantias will be steel-sprung, but all will have the passive rear-wheel steering sytem which gives the smaller ZX models such good handling.

A lot can happen in the next nine months, but you can be sure the Xantia will be priced keenly when it arrives in the UK next summer.

□□□

EUROPE'S Car of the Year 1993 is the British-made Nissan Micra super-mini. It beat the even smaller Fiat Cinquecento by 338 votes to 304.

While I picked the winner last week, I would have lost money on place bets. I thought the Fiat would be third and that the runner-up would be Toyota's Carina E. But the international jury placed Renault's Safrane executive car third with 244 votes, followed by a brace of Mazdas: the plush Xedos 6 with 124 and the 626 with 101. The Carina E trailed in sixth with 79.

As Car of the Year contests go, it was no cliffhanger. The entries were on the thin side and it was a pretty safe bet that, for the first time a Japanese car would win.

Next year, though, will be different. Among the competitors will be replacements for three of Europe's best-sellers: the Xantia, Ford's Mondio; and a new Mercedes 190.

"A tremendous accolade for the new car and everyone at Nissan in Britain who contributed to its design," said a jubilant Ian Gibson, the Nissan Motor Manufacturing (UK) managing director.

Yet , while the award does not guarantee commercial success. If the winner is not perceived as the best buy in its class, having the title will not make it a profitable product.

Being Car of the Year did not help the NSU Ro80, Chrysler Alpine and Horizon, Rover 3500, Renault 9, Lancia Delta and Fiat Tipo to keep their makers in the black.

Stuart Marshall

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TRAVEL

A Moslem outpost of the Chinese empire

Peter Harris drinks tea with old men in Dali, in China's south-west province of Yunnan, and listens to a tea planter's stories of his life and times

The pig market in Dali

THERE IS an old Chinese saying that heaven is high and the emperor far away. In China you cannot get much further from the emperor (or rather, Deng Xiaoping), than the town of Dali in the south-west province of Yunnan, across the border from Burma.

The old town gates of Dali can be seen for miles around, rising from the plains. The town is flanked on one side by a long narrow lake, and on the other by a ridge of hills running north from a mountain called Buddha Peak. It is located on a major road junction, one branch going north to Tibet, the other south to the Burmese border. The road south is the original Burma road, which Allied lorries plied 50 years ago to supply the Chinese nationalists, holed up by the Japanese in Chungking.

Nowadays the main travellers to Dali are traders from south China, Tibet and Burma, and backpackers from Australia, Germany and elsewhere. The backpackers give the town an oddly familiar air. Signs in English hang from wooden house frames, advertising bicycles for hire and eggs for breakfast.

Weary, suntanned travellers sit in open-air cafés nursing bottles of local beer. Women of the local Bai minority clad in vivid blue costumes and head-dresses catch you by the arm, smile disarmingly, and ask in English: "Change money?"

"When I first came to Dali, I loved it," the Cantonese who served me coffee and rolls in the café near the hotel, told me on my first morning. One of a growing number of people from south China who roam around looking for casual jobs, he had been in and out of Dali for years.

"But now everyone here just thinks about money, and there's a lot of backbiting and rivalry. As for these foreign travellers," he went on, "they come mainly for the dope." In fact, drugs are not much in evidence in Dali, in spite of a growing cross-border heroin trade that worries the authorities. Nor is there much sign of the money-making fever that is gripping other parts of China.

But this remote outpost of empire has not been immune to the winds of change. In the spartan old days, I was told, my hotel was just the Dali Number Two Government Guest House. Now it has a new name, and a new look. It is the Red Mountain Camellia Hotel, and sports a roof with gold tiles and fresh paint on the eaves.

A huge, rambling affair, it is the best in town and good value for money. A comfortable room with bathroom and closed-circuit colour TV – no satellite dish here – costs about £8 at the official exchange rate, and on my first night a dinner of mushrooms, Yunnan ham, greens and dumplings cost less than 50p.

Dinner was served with a flourish by an ebullient chéf, anxious to please his foreign guests. He turned out to be an exception, though. On the whole, service in the hotel still came socialist-style. The woman on the front desk was amazed by my request to have my laundry ironed (no irons). And the maid was equally bemused when I asked for my room key (no keys, other than the ones on her key-ring).

The view from my hotel window included one of Dali's four Tang dynasty pagodas, heavily restored but still elegant, and the courtyard of the public library. Each morning the courtyard filled with old people going through the slow, graceful movements of the Chinese callisthenic exercise *taijiquan*.

Less graceful was the clatter of machine-gun fire that broke the calm on my first evening. This turned out to be a contingent of the People's Liberation Army on the firing range of the local barracks. The army has a high profile in Dali, in keeping with the town's frontier location. It runs a hospital – on the basis of "revolutionary humanitarianism," as the notice on the gate declares – and men in green uniforms and plimsolls are to be seen on the outskirts of town planting trees and digging ditches.

The guidebooks say Dali dates back 3,000 years. It was a flourishing kingdom during the Tang and Song dynasties, after which it was overrun by Kublai Khan and the Mongols. One legacy of Dali's history is that most of its inhabitants are Moslem. There are two delapidated mosques tucked away on the west side of town, both of them in the Chinese style, with a large prayer hall and an imam but no minarets.

One of them was full of old men drinking tea and gossiping when I dropped in. A sheet of red paper was pinned on the front door. Usually, in China, red paper is used for messages and slogans from the communist party. But this displayed a list of the names of local Moslems who had given money for the mosque's upkeep.

The centre of Dali's old town is a delightful place in which to stroll. Unlike most Chinese cities it is virtually free of traffic, and consists of narrow cobbled streets, secluded courtyard homes and noisy street markets.

The markets sell hats and sweatshirts made from the local blue-dyed cloth, and cups and bowls cut from the local marble (known throughout China as Dali stone). An enterprising Tibetan has a permanent art show ("The Neeman Gallery") at the Dali museum, with oils by masters of the Yunnan School on display. Their work, better known in New York than Dali, is a cross between Miro, Gauguin and the murals on the London Underground.

Beyond the old city gates, on the outskirts of town, are the homes of the Bai people. The Bai's two-storey houses are in striking contrast to the drab brick dwellings of the local Han Chinese. Bai houses are trim and whitewashed, with carved wooden balconies overlooking well-kept vegetable and flower gardens. It is some time since I have seen an English country garden, and I must confess the sight of these gardens warmed my heart.

Above the Tang pagodas to the west of Dali are fine walks in the hills. On my second day I found my way up through an Islamic graveyard scattered with Arabic epitaphs to a secluded stone pathway winding into the forest. It was like a poem by the great Tang poet Wang Wei – rather, it would have been if there had been a temple at the top.

Instead, all I found was a stone wall and a space full of bracken. I assumed this was the work of Red Guards during the Cultural Revolution. Certainly Dali suffered a great deal of damage then, or so I was told by a local tea planter, who stopped me on my way up. He told me stories of his life and times, and ended up asking whether I was a Christian or a communist. (For some reason it seems I had to be one or the other).

More adventurous holidaymakers can take boats across the lake, hire horse-drawn carriages, or hike to the many historic sites scattered around the Dali region. The only real problem with Dali is getting there. The best bet is probably the 12-hour trip on the Polish-made night bus that plies the Burma road from Kunming, the capital of Yunnan province. There are also taxis and minibus tours, but the latter have to be fixed in advance.

A railway line, an airport and a luxury hotel by the lake are all in the planning stage. If and when they are built – the rail line will have to be cut through mountainous terrain – Dali's tourism industry will boom.

The town will also lose much of its present sleepy appeal. Doubtless, though, the Bai women will learn to smile even more disarmingly than they do at present.

■ **Air China and Dragon Air fly from Hong Kong to Kunming. The best hotel in Kunming, where travel to Dali can be arranged, is the King World, Kunming, fax: (0871)-31910, tel: (0871)-38888. Telephone for the Red Mountain Camellia (Hong Shan Cha) Hotel in Dali: (0872)-70427, but lines are poor and reservations best made through an agent in Kunming or Hong Kong.**

Malaria has been reported from Yunnan, and some doctors advise travellers in the area to take prophylactics.

Practical Traveller

Nepal beckons keen trekkers

THERE ARE many reasons to go to Nepal, but trekking is one of the best. Whether your aim is to live out macho fantasies as a latter-day Edmund Hillary or to amble lackadaisically through the Himalayan foothills, Nepal – home to eight of the world's 10 highest peaks – offers an unmatched range of options.

There are two basic types of trek. First is the teahouse variety where one follows well-worn mountain paths, staying at lodges-cum-restaurants dotted along the way. Teahouse expeditions suit independently-minded travellers who are wary of joining a group. Staying in lodges may also bring you into closer contact with the Nepalese who inhabit the mountains in surprisingly large numbers.

For the first-time trekker, going it alone effectively confines you to two regions – the Annapurnas and the hills around Khatmandu. The latter is often overlooked, but offers scenic rewards. Going to Everest alone is possible, but tricky.

About three-quarters of trekkers make for Annapurna, an area of often spectacular beauty where lurid green rice terraces, yellow bamboo, white mountains and yelling children vie for your attention. Annapurna treks start in Pokhara, an eight-hour bus journey or a short flight west of Khatmandu. Flying (£40) affords magnificent views. Book early and ask for a seat on the right of the aircraft.

You will need a trekking permit (which includes a conservation fee), available from the central immigration office in Khatmandu or Pokhara. The latter is reputed to be slightly saner.

There are several Annapurna treks, the best-known of which are the Annapurna Sanctuary (9-12 days), the Jomosom trek (14 days) and the Annapurna Circuit (16-21 days). You may wish to hire porters (£3 a day) and an English-speaking guide (£5). Ask at any Pokhara hotel or trekking agency.

Mountain lodges, which are fairly spartan, are unlikely to cost more than £5 including food. Accommodation is usually in dormitories (there are some double rooms) and you will need a sleeping bag. Other essential items to take include trainers (or worn-in hiking boots), sturdy backpack, torch, medical kit, high-factor suntan cream, hat or cap, waterproof jacket, lightweight pullover and sunglasses.

The alternative to going it alone is to join a group, which makes it much easier to visit Everest and remoter areas in the east and west.

Expeditions with Sherpa guides and porters are generally more luxurious than the teahouse alternative. Porters carry your backpack, tents are erected for you, food prepared and tea and hot water (for washing) brought to your tentside in the morning. Food, usually prepared on kerosene burners to avoid deforestation, is often surprisingly sophisticated.

I went with London-based Promotion Nepal (tel: 071-229-3528), which offers treks in all parts of the country. Its Classic Everest Trek (£886 for 20 days) approaches the mountain from Solu, the route followed by Edmund Hillary in 1953, and ascends the Khumbu region to 18,000ft. A 28-day trek on the Tibetan border of far western Nepal works out at £1,595 per person. International flights on Royal Nepal Airlines cost a further £630.

Sherpa Expeditions (081-577-2717) grades its treks: A-types take less than eight days and can be tackled by anyone able to run for a bus, while D's (the most difficult) are for hardy souls used to mountain walking. Sherpa's Manaslu High Trek (21 days' walking) visits a previously restricted area in central Nepal and costs just under £2,000 including flights.

Other UK-based operators are: Exodus (081-673-0859); Classic Nepal (0773-873497); Five Valleys Treks (0752-567617); Himalayan Quest (0926-450835); Himalayan Kingdoms (0272-237163) and Worldsaway (0373-827914).

The best time to trek is October and November when the air is clear and the vegetation lush. December to February may be cold at high altitudes. In spring you need to go quite high to get above the haze. Monsoon time (June to late-September) should be avoided unless you like leeches.

David Pilling

BOOKS

My Book of The Year

Our reviewers choose the books they have enjoyed most, published this year.

I CHOOSE Robert Skidelsky's John Maynard Keynes. The Economist as Saviour 1920 -1937 (Macmillan, £20.00). It is the second volume of the life of one of the most influential economists and civilised figures of the 20th century. Like its predecessor, it is admirably written and based on massive, though unobtrusive scholarship. The "official" biography by Roy Harrod came out in 1951 five years after Keynes's death. It was a splendid book. But the lives of great men need to be reassessed at intervals. Fifty years is not too long. Much can be said today, especially about Keynes's sexual life which Harrod felt he could not reveal then. "Keynsianism" has latterly been under a Thatcherite cloud but there are signs that it may be lifting. This is not only a wonderful portrait of a man often described as "the last great liberal". It is also remarkably topical.

Robert Blake

■ TO ALL those baffled by the mindless savagery of the present civil war in what was Yugoslavia, I warmly commend The Making of Eastern Europe by Philip Longworth (Macmillan, £40.00). He is of course not solely concerned with Yugoslavia. His aim is to trace the pattern in a complex ethnic carpet spreading from the Baltic to the Black Sea; and to this end, he has adopted the unusual method of working back from the present to the past, to those early Christian centuries in which unfortunately, the seeds of so many later conflicts (e.g. between Orthodox Serbs and Catholic Croats) were sewn. This may seem a cumbersome procedure, but it has resulted in a first-rate piece of historical analysis; and I find Professor Longworth's comments constantly illuminating, on a region of Europe which I had up to now thought I knew reasonably well.

Erik de Mauny

■ I CHOOSE Humphrey Carpenter's *Benjamin Britten* (Faber, £20.00). The author trains his well-focused biographer's beam upon areas of the life previously preserved largely in shadow. In doing so he manages to raise many thorny questions (almost all of them incapable of clear answer, he readily admits); in particular, it is the speculation about whether the composer was sexually abused at school, and to what degree his fondness in adult years for young boys amounted to paedophilia, that has already caused the book to be so widely publicised. But this is not the reason why Carpenter's *Britten* is so completely engrossing. Lucidly laid out, judiciously balanced, it never allows the reader to forget that Britten is one of the geniuses of music – which is why all the questions arise, and are worth grappling with, in the first place.

Max Loppert

■ MY CHOICE is The Granta Book of the American Short Story edited by Richard Ford (Granta Books £16.99) because it is at once so idiosyncratic and so pleasing – idiosyncratic because it ignores the whole history of the American *short story up to the Second* World War and pleasing because it keeps its eye on the object. Ford starts with most of the well known names from *Paul Bowles through Flannery* O'Connor to Donald Barthelme, but the real hero is Raymond Carver, whose contribution, embedded in the middle of the collection, is a sombre masterpiece.

Geoffrey Moore

■ HOW CAN an author control his reputation after he is dead? Should papers be kept or destroyed? Should the will bind the executors or give them discretion? Ought the widow to have a veto? I much enjoyed Michael Millgate's Testamentary Acts (Oxford, £27.50), a wry but understanding account of how four famous writers prepared for the immortality of biography. Browning left too many decisions to his son. Tennyson foolishly believed that a pious commissioned memoir would pre-empt the public's curiosity. Henry James spent years carefully reinterpreting his early life with the benefit of hindsight. Hardy's friends preferred the nation's wishes to his own. From these and more modern examples (including Auden, Eliot, Maugham and Larkin) Millgate explains the techniques of literary myth-making and how they can be rumbled.

William St Clair

■ BRONCHIAL asthma is beastly – volcanic sneezes, hacking coughs bouncing back from rock-hard lungs, even newspapers are almost impossible to read. A book-loving friend always bombards me with the latest paperbacks in the hope – usually forlorn – that one might hook me. This year he succeeded with the paperback of Julian Critchley's Hung Parliament (Headline, £4.50). The first paragraph, often the furthest frontier I reached when asthmatic, pushed me on. I was gripped. I read it through non-stop.

J. H. Plumb

■ IT HAS NOT been a year for reading new books, other than those connected with my own subject, let alone buying them as a means of outfacing the recession. I did, though, enjoy Miranda Seymour's study of Ottoline Morrell: Life on the Grand Scale (Hodder & Stoughton £25.00). But nothing could rival returning (for the umpteenth time) to Randall Jarrell's Pictures from an Institution, which really is the Great American Novel, and makes life better.

Clement Crisp

■ NOBODY ELSE even reviewed it, that I ever saw, but the book I most enjoyed this year was Pettibone's Law (Bloomsbury original paperback, £8.99) by John Keene. It is a first novel by a former US fighter pilot, set in Vietnam and written very much in the spirit of *Catch 22*. Better books may have been written about the absurdities of Vietnam, but if anybody has ever written a funnier one, I have yet to come across it.

Nicholas Best

■ IN THESE days of dismal European news, I found Emilie Carles' A Wild Herb Soup: The Life of a French Countrywoman translated by A.H. Goldberger (Gollancz £6.99) a rich and life-restoring brew. A peasant-teacher who lived most of her life in the mountains around Briancon, in south-eastern France, Mme Carles chronicles through her own life story, (1900-1979) the impact of two world wars on a peasant community. Her autobiography reveals more about the complex politics of interwar France than most historical accounts. The translation almost catches the full flavour of the French original.

Zara Steiner

■ IT IS sometimes too tempting to nominate an obscure volume which no one else has spotted. This year – in utter contrast – I am happy to admit that for me from the first pages the great book of 1992 had to be Michael Ondaatje's novel The English Patient (Bloomsbury, £14.99) which as I said at the time on this page, is a masterpiece and had to be the Booker prize-winner. The judges half-agreed with me. I stand by what I said and urge sceptics of the Booker brouhaha to give this one the attention it deserves.

J.D.F. Jones

■ I *ENORMOUSLY* enjoyed the account of one of this century's most famous literary love affairs, that of W B Yeats and the Irish revolutionary Maud Gonne, as told through their own correspondence in W B Yeats & Maud Gonne: The Gonne-Yeats Letters 1893-1938 (Hutchinson, £25.00). This 50-year-long romance and friendship had everything: longing, rejection, passion, renunciation, rancour, envy, idealism, all set against a backcloth of extraordinary literary energy and political engagement.

Jackie Wullschlager

■ MY CHOICE is The Medieval Cookbook by Maggie Black (British Museum Press, £14. This is much more than a collection of recipes, 80 of them that range from the Saxons' basic fare, frumenty to such delights as rose pudding made with rose petals. But the volume's real point and joy lie in the social history it contains; its setting of the medieval scene, its literary asides, its *magnificent illustrations, and* its views on such topics as deportment, medicines, dress, pilgrimages, bee-keeping, life in general.

Isabel Quigly

■ FOR SHEER volume of fine writing enclosed within a single cover, you cannot beat The Granta Book of the American Short Story (Granta, £16.99), edited by Richard Ford. Forty-four of them, most good, more than a few great, all of them demonstrating that the short story is alive and well in the US. And do not let Ford's modesty *in not including one of his* own stories fool you – they rate with anything on offer here.

Stephen Amidon

■ FITTINGLY in this Year of the Danes, far and away the best book I have read celebrates a great Danish artist, Poul Vad's Vilhelm Hammershoi and Danish Art at the Turn of the Century (Yale University Press, £45). Vad is a scholar who writes about paintings with a brilliance and delicacy foreign to most art-historical monographs. From the first page, we are swept along by Vad's intense commitment to fathoming the mind of a creative artist. And what an artist! Hammershoi, who died *in 1916 at the age of 53, is often* called "the Danish Vermeer" – although there is more to his genius even than that. For the pictures alone, then, this is a covetable art-book. *But read it*, too, for Vad's portrayal of a melancholy Danish genius who, his face always turned against the prevailing wind, must now be seen as an artist of truly European stature.

Patricia Morison

■ THE 1992 book which I expect to be still taking down from the shelf 10 years from now is Sex (Secker & Warburg £25.00) by Madonna. Like *The Sgt Pepper* LP it is a striking departure in concept: 14 inches by 11 with a spiral back and brushed metal covers, it *depicts* a sexual odyssey – well, all right, a sexual eclecticism – in photographs, accompanied by personal jottings. Some parts are mannered, naive or embarrassing, but others are funny, honest and arousing. Some of the photographs are superb (the "Boticelli Venus") some hilarious (the straddled fish fountain) and some erotic (the full page kiss with a long haired youth). None of it is great art and some of it is confused. But it is utterly unlike any other book appearing this year, or any other year.

Christopher Dunkley.

■ I ESPECIALLY enjoyed Kwame Anthony Appiah's In My Father's House: Africa in the Philosphy of Culture (Methuen, £20.00), which provides an elegant and lucid analysis of some of the problems of African cultural politics. Discussions of African culture, he suggests, should focus less on identity than on diversity. Engagingly, he emphasises, the value of such diversity by affectionate reference to his own childhood: he grew up in Ghana, as the son of an English mother and a father who was a close relation of the Asante king.

Chloe Chard

■ MICHAEL Ondaatje's The English Patient (Bloomsbury, £14.99) is a masterpiece. In an Italian villa ruined from the German retreat, a complex story unravels of exploring the Libyan Desert before the War. The story is rich in coincidence and disaster, sparsely told. But is not cruel, just unsentimental. Endless moments of truth make it a must for all who have travelled in hard places and wondered why they are there.

Gerald Cadogan

■ THE BEST novel to come my way this year was Death and Nightingales by Eugene McCabe (Secker & Warburg, £13.99), a dramatic masterpiece and a lesson in verbal economy. It transports you bodily to Fermanagh 1883, and kindles a curiosity that will keep you up all night. The religious divides of Ulster are brought vividly to life, giving the reader a fresh understanding of the continuing conflict. I expected it to be an obvious front-runner for all the major prizes but as far as I know it has consistently escaped notice.

Alannah Hopkin

■ I AM addicted to books on the visual arts and architecture. And some subjects seem inexhaustible: so it is with Monet, about whom so much has been said, written and shown; how can we bear any more? But there is more, and I cannot imagine how we have done without it: Virginia Spate's The Colour of Time Claude Monet (Thames and Hudson, £38.00) a decade in the making, and dazzling in the *result*. Spate has produced an enormous synthesis of political and cultural history focused on the immense oeuvre of one seminal artist in his time.

Marina Vaizey

■ I BECAME addicted to David Lodge's The Art Of Fiction (Penguin, £5.99) when it was newspaper-serialised; now here is the book. Lodge tells us everything we ever wanted to know, but were afraid to ask structuralist friends, about the tics and tropes of the novelist's art. Deftly and readably, the book roams from allegory to stream-of-consciousness via aporia, metafiction, time-shift, suspense, magic realism and 40-odd other headings. Here is scholarship made human, and illustrated with chunks of great writing from Fielding to Fitzgerald. There has been no better populist study of fiction since Forster's *Aspects Of The Novel.*

Nigel Andrews

■ THE DIFFICULT, painful, tedious enterprise of observing friends dying from AIDS has hurt the poet Thom Gunn into writing some of the most vital poems of his life in The Man with Night Sweats (Faber & Faber £11.99 or £5.99 paperback). It is the most powerful collection of new verse to have been published this year. Gunn has not been a poet who has ever worn his heart on his sleeve; for many years he seemed all too content to describe emotions in the abstract. The 1960s ambience and San Francisco, where he has lived for the past quarter of a century, loosened his tongue and his feelings. The sequence of elegies to dead friends, all named, with which the book concludes, not only stares death in the face unflinchingly, but also reminds us that for Gunn, an out-and-out hedonist, there is no alternative to the lures and the delights of the flesh. Dead or alive, its a hard road – but there is no other.

Michael Glover

■ NOT ONE of the political memoirs or biographies, although there have been several good examples this year, but a book by a politician turned reflective: Denis Healey's My Secret Planet (Michael Joseph, £16.99). Healey describes it as an attempt to explore his inner life. It consists of extracts from writing that influenced and moved him, plus commentary. The writings are diverse. Healey *says that among* his favourites are Wordsworth, Heine, Yeats, Auden, Virginia Woolf, Traherne and Emily Dickinson. Yet you will also find extracts from the memoirs of Ellen Terry. There was always a reflective side to Healey: his reading and his memory are prolific, not only in English. It is good to find him enjoying himself and finally shedding the reputation of the old bruiser. He ends with lines from Traherne: "This busy, vast enquiring Soul/Brooks no Control:/'Tis hugely curious too."

Malcolm Rutherford

■ MY BOOK of the year is a provocative piece of political incorrectness entitled The Seven Fat Years and How to Do It Again (The Free Press, £15.99), a brilliant defence of President Reagan's 1980s supply-side economic reforms by Bob Bartley. He points out that in the seven fat years in which American real GNP grew 31 per cent, 18 million new jobs were created, charitable giving increased, and the tax burden on lower income groups fell and their real incomes rose compared with the previous half-decade. At a time when the best lessons of the 1980s threaten to become unlearned, Bartley's book provides a seasonal pick-me-up for supply-side fogies everywhere.

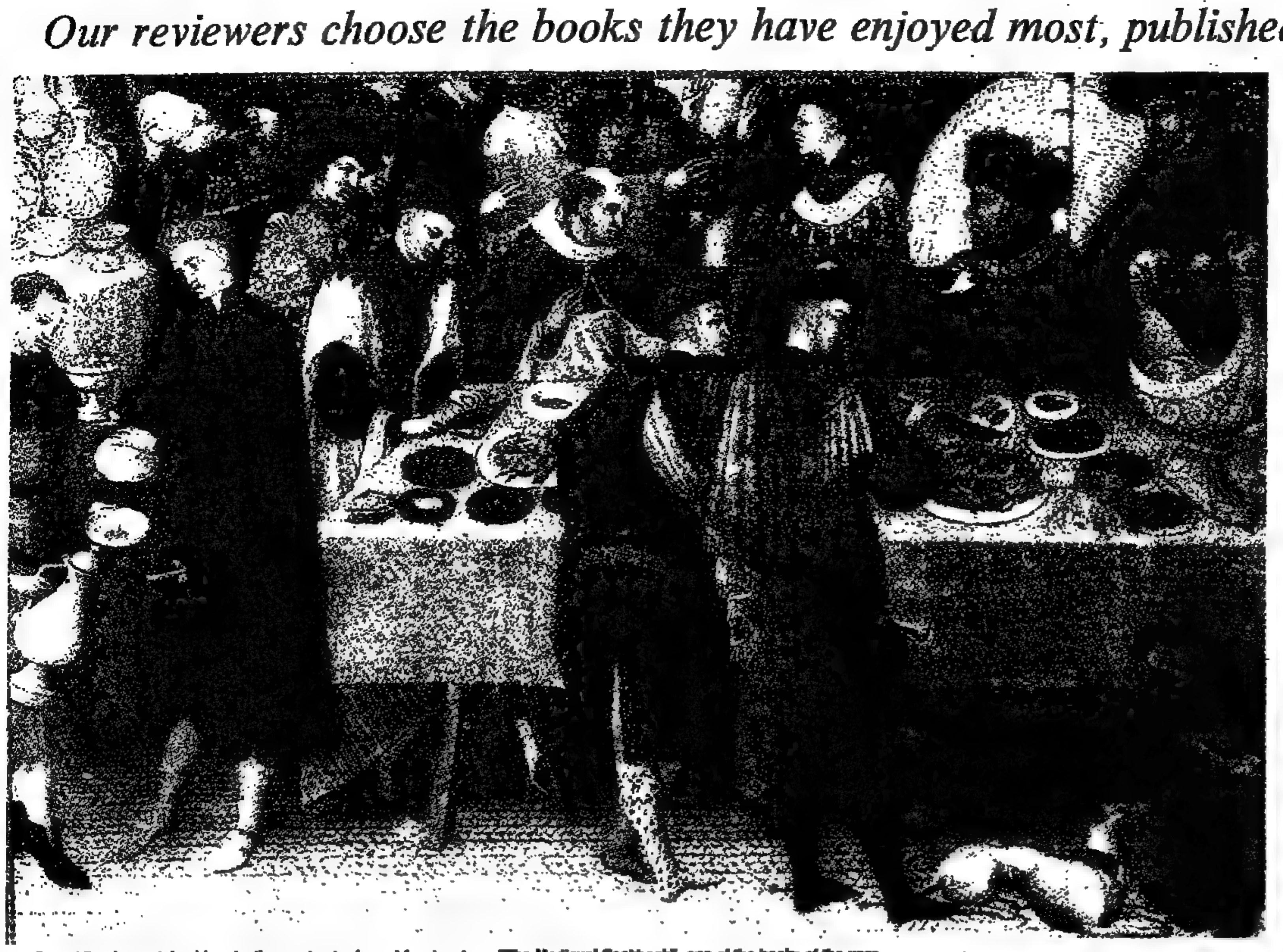
Mark Archer

■ AMONG the books that most significantly alert and instruct us this year are Edward de Grazia's Girls Lean Back Everywhere (Constable £19.95) about censorship and the arts, and Helena Kennedy's Eve Was Framed (Chatto and Windus, £16.99) about the difficulties experienced by women in conflict with the British criminal justice system. But for my prime selection I nominate P.N. Furbank's Diderot (Secker and Warburg, £25.00), an insightful study, by an exemplary biographer, of an outstanding man in an outstanding age. Wide learning is gracefully purveyed in this account of admirable endeavours and ideals – a discerning reader's delight.

A.C. Grayling

■ I HAVE a soft spot for novels like E M Forster's *The Longest Journey* that re-create the period when an individual takes his first heady sips of adult freedom at some college or university. It is a time of life when the ultimate questions that have perplexed thinkers throughout the centuries coincide with a continual pondering of more immediate amorous prospects; the two trains of thought merge together intoxicatingly in a painful wonderland. Donna Tartt has, in her first novel, The Secret History (Viking £15.99) made a glowing addition to this genre. I am happy to give it my accolade in return for the happiness it gave me. Her Vermont collegers and their classics tutor-guru are uncompromisingly elitist cultural snobs, some of whom have far too much money for their own good. They are utterly ruthless beneath the surface charm. They represent everything we are taught nowadays not to admire. Was it because of that I adored it so much?

Anthony Curtis



The Duc of Berri entertains his priestly guests at a formal feast – from "The Medieval Cookbook", one of the books of the year

LITERARY COMPETITIONS

SET BY ANTHONY CURTIS

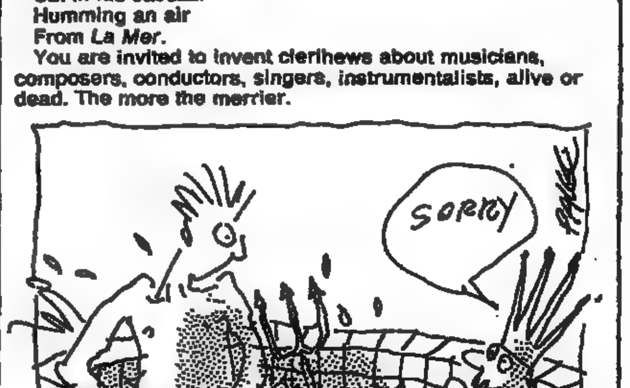
Here once again are our annual *Weekend FT* books page competitons to test your literary skill. Anyone – apart from members of the staff of this newspaper and their families – is eligible to compete in either or both of the competitions.

CLERIHEWS CON BRIO

The *Oxford Dictionary* defines a Clerihew as "a short comic or nonsensical verse" – so-called after its inventor Edmund Clerihew Bentley, author of *Trent's Last Case* and other classic crime fiction. A clerihew's subject-matter, the dictionary continues, is "professedly biographical" and metrically it consists "of two couplets, differing in length." Here is an example:

Claude Debussy
Sat in his Jacuzzi
Humming an air
From *La Mer*.

You are invited to invent clerihews about musicians, composers, conductors, singers, instrumentalists, alive or dead. The more the merrier.



RIP

"The death of Prince Hamlet at the age of 29 will come as a severe blow to his many friends and colleagues. The Prince met his death as the result of a fencing-accident at Elsinore Castle, the details of which are still far from clear . . ." etc. etc.

Obituary-writing is one of the few flourishing growth-industries. Try your hand at it by sending extract(s) of not more than 150 words from the obituary of any fictional character.

Entries (which may be faxed, 071-407-5700) should reach this office not later than December 15. Send them marked Lit. Comp. to The Literary Editor, The Financial Times, 1 Southwark Bridge, London SE1 9HL.

The usual generous prize money will be shared among the winners. The results and a full report will be published in the *Weekend FT* on January 2, 1993. The judge's decision is final and he cannot reply to any correspondence about the competitons.

Before and after Munch

William Packer reviews the Scandinavian exhibition at the Barbican

IT IS dangerous but irresistible to generalise on national, even pan-national character and sensibility. We tell ourselves how unreasonable it is to expect two people, let alone millions, to act and think and feel alike, and yet we happily go on as though Latin volatility, British phlegm, or Gallic charm were established, concrete, verifiable facts. And here we have *Border Crossings* at the Barbican doing just such a thing, bringing together the work of 14 artists from the five Nordic countries, from the late 19th century to the present, to see what, if anything, they have in common.

Tender is the North, the umbrella title of the current festival in London of the arts in Scandinavia, addresses by direct contradiction the similarly generalised assumption that the far North is dark and dreary, its peoples gloomy and angst-ridden. And here within it, *Border Crossings* oddly sets out to prove the opposite, that the prejudice might well be truth. The show does not start with Munch, but it presents him in strength, and what with the fine exhibition of his work of the 1890s, "The Frieze of Life", running at the National Gallery, which I reviewed last Tuesday week, it is a prejudice hard to gainsay.

Whatever we might have to say about his work, Munch was, to say the least, emotionally unstable, most especially through the 1890s and 1900s, ending up in a sanatorium. And he used his work in this period as the direct expression of his problems, if not their therapeutic resolution, taking on the universal subjects of love and sexuality, death and despair. The difficulty is that, in the arbitrary way of international reputation, Munch has been celebrated not merely as Norway's, indeed Scandinavia's greatest artist in the modern period, but virtually its only one. What a model by which to set a general character.

He did not spring fully-formed from nowhere, and the northern schools of the 19th and early 20th centuries remain grossly neglected by the world at large. Within Norway alone, Christian Krogh especially, who was Munch's teacher, and such artists as Munthe and Thaulow and Harriet Backer, deserve far wider recognition. Krogh, indeed, directly and splendidly anticipated Munch by some 15 years in the subject of the sick girl.

But even so, that working context was one broadly of social-realism and domestic genre painting, with the sophistication of a romantic impressionism creeping in. Munch, in the directness and freedom of his technique, and the psychological intensity he brought to his treatment of his subject-matter, was certainly far more radically advanced. Yet even in this respect, he was never entirely on his own, which is the premise of this small but intriguing show.

Its subject is effectively the emergence and continuation even to the present day, of an expressionist tradition in the northern schools, more particularly a romantic expressionism as much founded in a response to landscape as to any human drama, and inclining ever more towards abstraction. The first of the artists is Carl Fredrik Hill, a Swede, with a series of surreal and symbolist drawings of dubious beasts and figures, and some exquisitely rich yet simple landscapes, romantic in their desolation. Then comes Munch's friend, the writer, August Strindberg, whose wild sea and sky-scapes come as close to an emotional and expressionist abstraction as anything of so early a date.

So the show continues, more or less chronologically, by way of Munch, then Kjarval (Iceland), Weie (Denmark), Sallinen (Finland), Jorn (Denmark), Lundquist (Sweden) and others, and so on to the present generation with Per Kirkeby (Denmark), Jenssen (Norway) and Marika Makela (Finland). These last are all abstract painters, but their work is fraught with landscape or organic associations. Here Sigudur Gudmunsson (Iceland), is technically an odd-man-out, though not in spirit, working playfully in the landscape, with the photograph at once record and resolution of his intervention.

Iceland is strongly represented in this exhibition, as in the festival at large, to an extent remarkable for a national population no larger than that of Plymouth. That presence is further confirmed by a programme of exhibitions and events elsewhere in London, that continues until December 15, under the title of *Art from Above*, notably an extensive group show of painting, craft and sculpture at Butler's Wharf, SE1, just downstream from Tower Bridge.

Border Crossings: 14 Scandinavian Artists; Barbican Art Gallery, until February 7, as part of the festival of Scandinavian Arts, Tender is the North.

'Out of this world — After Ensor', 1962 by the Danish artist Asger Jorn

Off the Wall/Antony Thorncroft

Cork Street puts on a merry face

This brief West End thoroughfare has become synonymous with the art trade

THE TURNER Prize fulfils one of its major aims in getting contemporary art, and the Tate Gallery, widely discussed, usually unfavourably. Much of the criticism is blinkered, but as the sculptor Grenville Davey collected his £20,000 on Tuesday night you could not help wondering whether the claque behind the Turner was even more blinkered. All of the last five winners have been sculptors, with four coming from the same gallery, the Lisson.

Nicholas Logsdail, who runs it, has been largely responsible for the currently exalted global reputation of British sculpture, but there must be other developments in art happening in the country. Most people have an old fashioned idea that art has something to do with paint: it would be nice if an artist working in this medium was given a look in, among the short list for starters.

It might also be a good idea to choose a work of art that a private collector could buy: most of the previous winners, like Davey, produce art aimed at museums. It is vast, public, didactic, impersonal. An opportunity for change is presenting itself. Current sponsors of the event, Channel 4, seem set to withdraw after 1993. A new sponsor, a new set of guidelines, a new type of winner?

In the meantime grab your Davey, still modestly priced at £8,000-£20,000. Logsdail took ten calls on Wednesday from potential buyers.

★

This weekend London should offer an extraordinary sight – people in Cork Street. This brief West End thoroughfare has become synonymous with the modern art trade, and modern art dealers like to be away to their country cottages by lunch time on Saturdays. But pressure of events, namely a severe shortage of customers, has encouraged them to stay open through until Sunday evening, just this once.

All 16 galleries will be offering a bewildering array of art, from the pop screenprints of Roy Lichtenstein at the Mayor gallery, which has been in Cork Street since 1933, to the aboriginal art at the street's latest occupant, Corbally Stourton. In between there is a figurative, traditional "Sickert and the Theatre" show at Browse and Darby; Sean Scully and a whole host of moderns at Lelsie Waddington's four Cork Street outlets; and so much more.

Cork Street is putting on a merry face partly because dealers are sick of sulking in lonely galleries waiting for the occasional browser and are going on the offensive; and partly because it feels it gets an unfairly bad press. "Cork Street" is used as shorthand for the art trade, which is going through its worst recession for 60 years. But the Cork Street dealers, a varied and quite friendly crowd, are faring better than most.

Only three galleries have disappeared and two were immediately replaced. Two of the three went because the owners, Kasmin and Nicola Jacobs, got fed up with excessive business rates and preferred to trade privately. Odette Gilbert just folded, but her gallery has been taken over by an art book shop, Atrium. In terms of numbers Cork Street is just one gallery off its peak.

Most dealers reckon that trade has picked up since the devaluation of sterling, especially those who cater for a mainly foreign clientele. Will Darby, for example, has just sold important sculptures by Henry Moore and Barbara Hepworth. Significantly he was handling both on consignment for the owners; significantly both went to the Tate – museums are still buying in a modest way. Other dealers confirm that there is now a trickle of business.

For Leslie Waddington the trickle has almost grown into a rivulet. In the last month he has sold £2m worth of art, including paintings by Léger, Dubuffet and Rauschenberg. But, perhaps ominously for the future of Cork Street, the great majority was sold at Fairs in Paris and Hong Kong. Waddington has already signed up for eight overseas fairs in 1993.

Waddington moved quickly to adapt to hard times, and over the past two years has written down the value of his stock by 35 per cent, which he reckons is the rough fall in the value of modern art. He has saved on staff and other costs. As a result he expects to break even in 1993, and to return to profit in 1994. The devaluation has prompted the change. A painting priced at £200,000 cost $400,000 (the art world deals in dollars) in the summer, and only $300,000 now. Hence the flurry of trade.

But it is has little to do with Cork Street, which is rapidly becoming two market places. One group of dealers concentrates on regular British buyers (many of whom, in the good old days, spent their Lloyds of London dividend on art), while the others sell overseas. While business rates remain around three times higher than in comparable art centres like Paris, a dealer like Leslie Waddington, most of whose sales are overseas, must be asking whether he really needs four outlets in Cork Street (plus one round the corner in Clifford Street).

There is another worry overshadowing the Open weekend. The Government seems intent on imposing 17.5 per cent VAT on the work of living artists sold in the UK as against nearer 7 per cent VAT levied on artists in Germany and France. For Cork Street, it is another unnecessary cost increase and part of a vendetta against the arts world, apparent in the unsatisfactory budget negotiated by the Heritage Secretary, Peter Brooke, in the recent expenditure round. So go along to Cork Street this weekend and cheer up the depressed dealers.

Illustrating 'Once upon a time'

Michael Glover reflects on the story of children's picture books

BY 1802, the year in which Wordsworth wrote his great "Ode on the Intimations of Immortality", the notion that children were a unique species deserving of attention in their own right, and not merely dwarfish adults-in-the-making, was already in popular currency. And what better as a means of educating this species than books with pictures in them?

The publishing of childrens' books with accompanying illustrations began in earnest in the 1840s and accelerated as the 19th century moved towards its close. Sophisticated methods of using engravings beside printed text were invented and refined; and the middle decades of the century saw the appearance of three great talents who were to revolutionise the world of illustrated childrens' books: Hans Hoffman in Germany, whose *Struwelpeter* of 1845, a ferocious tale originally devised for some hapless, cowering three-year-old, was rapidly translated into many other European languages, including English; Edward Lear, that morose painter of bird-life, whose nonsense rhymes were first published in 1846; and the Rev Charles Dodgson (better known by his pen name, Lewis Carroll), the Oxford logician, whose partnership with the successful professional caricaturist (of *Punch*), John Tenniel, was to produce perhaps the greatest illustrated childrens' classic of all time, *Alice in Wonderland*. And then, as the capacity to print in colour developed, other great names appeared: Caldecott, Crane and Potter, for example.

Some of the finest achievements in childrens' book illustration, spanning the period from 1840 to the present day, are on display at the National Gallery of Scotland until the end of December and they demonstrate how haphazard the process of writing and publishing books for this untested market must have been. So much seems to have depended upon relationships between illustrators and particular children, for example. Beatrix Potter's earliest tales developed out of her habit of writing letters to child friends, in which she would describe the antics of her own pet rabbits, with appropriate doodles in the margins. *The Tale of Peter Rabbit* was rejected by publishers so many times that she decided to produce it at her own expense in 1901, with a single black-and-white illustration as frontispiece. After its appearance, Macmillan offered to publish the book with colour illustrations and Potter was able to take advantage of the recent discovery of the 3-colour printing process to achieve the harmonious greens and browns of her now-so-familiar garden settings.

One of Mervyn Peake's illustrations for 'Treasure Island'

The exhibition shows her studies of rabbits, minutely observed, and a watercolour of that garden in Wales where so many of the early stories were set. All this preliminary work demonstrates a remarkable capacity for prolonged and detailed academic preparation.

Lewis Carroll, too, was a great perfectionist – and he, too, paid for the publication of the first edition of *Alice* in 1865, though Macmillan distributed it. His relationship with the equally pedantic Tenniel (some of whose *Alice* engravings are on display in the exhibition) was a stormy one, the artist on one occasion flatly refusing to illustrate "a wasp in a wig". Carroll withdrew the chapter altogether.

The exhibition also enables us to compare how different illustrators have interpreted the same text – Stevenson's *Treasure Island*, for example. Ralph Steadman's remarkable depiction of Long John Silver in a tavern, surrounded by carousing piratical types, is full of violence and blood-lust; little, if anything, remains of Stevenson's description of Silver as a "clean and pleasant-tempered landlord."

Mervyn Peake's wonderful pen-and-ink illustration of Billy Bones, which appeared in an edition of 1949, strips Bones back to his meanest essentials, grotesquely simplifying the features to such an extent that the character looks positively haunted by the evil in his heart. For every illustrator, it seems, there is a new Stevenson to be discovered.

The exhibition's greatest and most pleasurable surprise is Randolph Caldecott, clerk by profession, whose marvellous watercolours of frogs and mice in motion, skipping and leaping about, or at supper, looking like bloated *bon viveurs* in their ridiculous 18th century costumes, accompanied his "Toy Books" of the 1880s.

Caldecott is scarcely in print these days and certainly not in editions that show his achievements off to any advantage; and that is a tragedy because, from the evidence available in this exhibition, he was perhaps the most influential illustrator of the 19th century. And evidence of that enduring influence is to be found in almost every new picture book for children involving anthropomorphised animals on the run.

Once Upon A Time, an exhibition of children's bookillustrations, is on display at the National Gallery of Scotland, The Mound, Edinburgh, until December 27

Radio/B.A. Young

A 'Last Supper' to savour

THE Government's green paper on the BBC was covered in this paper on Wednesday, now we wait for public reaction. Myself, I believe the BBC's local radio stations are a pointless challenge to the independent franchises; and I would not be against privatising Radio 1. Otherwise the current set-up seems to me workmanlike; the question of programme quality is the business of the various controllers.

Heaven knows, they have enough criticism from the public. It may be argued that its value, as revealed in Radio 4's *Feedback* and the correspondence columns of the *Radio Times*, is pretty low, but the solution to this hardly lies in the hands of the Corporation. The fortunes of Classic FM suggest that there is a more thoughtful public as well. I heard an enjoyable recording of Bruckner's 3rd Symphony on Tuesday when I might have heard Alexander Goehr's *Psalm IV* on Radio 3 or *Kaleidoscope* on Radio 4.

The nicest thing I have heard this week has been Rabbi Lionel Blue's *Last Supper* on Radio 3 on Sunday. His guests were presenter Leslie Forbes and a Dominican monk; his basic dish was of almonds, grated apple, red wine, cinnamon, and parsley, which he reckoned was the mortar that the Israelites used to build the Pyramids. Then eggs in salt water. The synoptic Gospels differed from St. John on the date; they said it was on the Passover, John says Jesus was crucified before the Passover. There was talk of other things too – for example, St. Paul wrote of "women co-workers", but such references were edited out. It was a friendly meeting of beliefs, but no one answered the serious questions – who cooked the Last Supper? who washed up? In this case it was Rabbi Blue; he gave us a commentary.

Radio 3's Sunday Play, *The Pool at Bethseda* by Allan Cubitt, was not a biblical piece, but about death from cancer. Dr Daniel Pearce, very ill, sees visions, and finds himself at Bart's in 1735, where Hogarth, painting the eponymous picture, casts him as Christ. There is much correspondence between the 18th-century figures and the folk that surround him in his own day. The scheme is clever, though not ideally worked out; the doctor's ultimate death, for instance, is too prolonged, and there are some rather self-conscious soliloquies. But I thought it a moving play, the author's first for radio, and well directed by Susan Hogg, with Mick Ford as Dr Pearce and Danny Webb as Hogarth and his 20th-century version.

Two new series on Radio 4 seem unpromising to me. *The Locker Room* on Saturdays is like a man's *Woman's Hour*, presided over by Tom Robinson, only the talk is less intelligent, just changing-room chat. *The Friend in the Corner*, on Wednesdays, is a wireless set, and gives a taste of broadcasts in past years, the first being 1936. What did we have? A lot of religion. Who were our heroes? Gipsy Petulengro, Malcolm Campbell, C.B.Fry. The Crystal Palace burnt down, there was a bus-strike, the abdication speech of King Edward VIII was read by the Speaker. The news was copyright by Reuter, the Press Association, Exchange Telegraph and Central News. Next week we have 1943.

I try to warm to the young people's serials on Radio 5, but it is not easy. *Guards! Guards!* is adapted by Michael Butt from Terry Pratchett, a well-liked comic writer; but the first instalment on Monday was hard to follow, despite having a narrator among its starry cast. Carrot (Robert Gwylim), a young volunteer in the Guards, is built up as the hero, but players like John Wood (Guards captain) and Melvyn Hayes (corporal) get the publicity. There are dragons offstage, and Elucidated Brethren, and a Guild of Thieves. Michael Butt directs. I must wait for a few more episodes.

ARTS

Alastair Muir

Maria Aitken, exactly right as the actress-mother Judith

Family Bliss hits West End

Malcolm Rutherford reviews a new production of Hay Fever

NOEL Coward's Bliss family is worth revisiting every five years or so. However well you may think you have remembered them, there will be always something that you have forgotten. Despite their internal quarrels, Mr, Mrs, Master and Miss Bliss are the only happy family in a game where the rest of the cards do not fit. They are remarkably pleased with themselves and the only real argument between the children is whether this makes them normal or abnormal.

The Blisses do not change much with time. For regular visitors the chief attraction is the subtle difference in the way they play their parts. In Alan Strachan's new production of *Hay Fever* at the Albery Theatre, the family is in pretty good form but the guests are allowed to run them close.

Maria Aitken plays Judith, the actress-mother whose heart has never really left the stage. Her best moment is when she effortlessly kicks off her wellington boots without sitting down or using her hands. Her weakest is when, in a curiously subdued scene, she sings in French at the piano. For the rest, she does all that Coward could have asked: an actress who commands attention playing an actress who tends to ham. If this part went wrong, the play would fail. Ms Aitken never lets it do that. She gets the balance between Judith as wife and mother, and Judith as actress, exactly right. Note the malicious glee with which she reads in the theatre column of a Sunday newspaper that "Mary Saunders has got another failure".

The trouble with the play is that Judith is so much the dominant character in the family that the rest of the Blisses are overshadowed. In this production they accept their subsidiary role with perfect discipline, which is presumably what the director intended.

Where Strachan scores is how he draws in the visitors. Anyone who saw the production of Coward's *Private Lives* with Joan Collins as Amanda a couple of years ago will recall how much Sara Crowe made out of playing the silly girl, Sibyl. Here Ms Crowe does it again as the flapper, Jackie Coryton. Possibly she is in danger of being type-cast, but she plays the role of the dumb blonde to perfection.

In the end, all four visitors come together in a symmetry of their own, united in their desire to get out of the Bliss household as soon as Sunday trains permit. Some of their best moments come not in Coward's lines, but in his situations and the facial expressions they permit. Watch them eating haddock for breakfast. See the blood rising in Richard Garnett's face when he succumbs to hiccoughs and is made to hold his breath for a count of over 30.

Hay Fever has some splendidly laconic lines as well. When Garnett, the athletic young man playing Sandy Tyrell, tells Judith, his would-be conquest, that he is boxing again in two weeks' time, she responds sweetly: "I must come to your first night."

Coward's fascination with place names comes out in a wonderfully halting conversation between the flapper and the visiting diplomatist (Christopher Godwin) as they wait for the Blisses to receive them. "Italy's awfully nice, isn't it?" "Oh yes, charming." And "Dear little place, Dieppe".

The set as well as the costumes are designed by Anthony Powell. He allows the closest physical contact to take place on the central sofa, but leaves plenty of room for estrangement. More overtly sexual scenes, such as kissing, occur off-stage, in the library or the garden. In retrospect, it is astonishing how much Coward managed to convey about sexual attraction without being explicit.

In short, the Blisses are worth another visit. If you have not been to see them before, go at once in case they do not come back, for I have just the slightest suspicion that their charms may be beginning to fade.

Albery Theatre (071) 867 1115

Music theatre

Petrified at the wedding

THE adventurous Mecklenburgh Opera has a penchant for east European experiments, and now it has staged the "first performance of a Slovak opera in England". *Petrified* – "Skameneny" in the original – is a sort of ballad-opera in one hour-long, seven-scene act, composed in 1974 by Juraj Beneš, who is now 52. The programme-notes assure us that it represented (rather belatedly?) the low state of communal morale after the collapse of the Prague Spring in 1968. What we see, however, is a timeless village-tragedy, rather on the lines of Lorca's *Blood Wedding*.

Hanka, "a young girl", is just that; Janko, "a young poet", is the rebellious local romantic (we first see him flinging crumpled-up poems at the villagers, who fail to appreciate them). They connect, run away together – to widespread disapproval – and disconnect; back at home Hanka is pressed into marrying a much older man; years later Janko makes a dramatic return, and it all ends in grief. Besides the principal pair there are male and female trios of village character-types, who both comment and interfere, sometimes violently.

Heroic efforts in the programme-book to explain the sense in which they are all "petrified" remained opaque. Perhaps *Skamenený* conveys more to Slovaks. In any case, John Abulafia's production – formal groupings, stereotyped miming of anguish and loss – leaves the progress of the action frustratingly unclear. For all we can see, it is hard to tell just how and even *when* the unhappy wedding takes place, or what exactly happens when Janko returns. The words might have helped (and Ewald Osers' Englishing was an expert job, as far as one could tell), but except from Richard Halton's outstanding Janko they were mostly indistinguishable.

The worst offender was Rebecca de Pont Davies' anxious Mother, whose fine, pungent mezzo – nearly a real contralto, rare nowadays – disgorged scarcely one recognisable English vowel, even at a mere ten yards' distance. But all the singers were regularly foxed by their long-drawn-out lines: again and again, we waited impatiently through an extended "Maaa" or a "Teee" for some final consonant to reveal what word we were hearing. Presumably the text sings better in Slovak.

David Murray reviews Mecklenburgh Opera's latest east European experiment

It is drawn from poems by the 19th-century Janko Král, which the composer enlisted in the service of his newly-devised story, and apparently they prompted his music toward ballad-inflections for the first time. But they seem to be self-contained, introspective effusions, not narratives – and Beneš supplies no stage-directions: the producer has had to make theatrical bricks with very little straw.

The attraction of the piece lies in its music, rather than its clouded action. In post-1968 "Czechoslovakia" (which has just now ceased to be), Beneš had minimal access to developments further west: his idiom has grown along post-Bartók paths, untouched by anything as radical as post-war serialism or doctrinaire atonality. The lean score of *Petrified* touches down, regularly and reassuringly, upon tonal bases. Christopher Baugh's stage-designs offer a close analogy, with traditional Czechoslovak forms copied in arrangements of raw, mass-produced panels and blocks, each blazoned with its factory-code.

In *tutti* the seven-strong instrumental ensemble, including cembalom – here, Anne Manson conducts a first-class band – sometimes goes into strident, dislocated polyphony. On the other hand, whole scenes are accompanied by just one or two players, keening away in ethnic style beneath grateful, expressive vocal lines (especially Patricia Rozario's as the winsomely unlucky heroine). There is enough palpably fresh and consistent character in all this to nullify any fashion-oriented complaint that Beneš has missed out on western developments.

Mecklenburgh has already commissioned a new *Hamlet* "opera" from him (for 1995-96), which is predicted to explore madrigal-territory. One may hope that it will recapture some vital dramatic territory, too.

Further performances at The Place, Duke's Road, WC1, on November 28 and 30, December 1, 3, 4 and 5; and another at the Phoenix Arts in Leicester on January 12

Birtwistle's bloody ballad

BOWDOWN is one of the those rare pieces of music theatre that manages to extend and revitalise an age-old tradition while remaining absolutely true to its contemporary self. It was the first collaboration between Harrison Birtwistle and Tony Harrison, born out of workshops at the National Theatre in 1977 where Birtwistle had just been appointed the first Music Director and Harrison had been working on his *Phaedra Britannica*, well before poet and composer were involved on the National's *Oresteia* and their "mechanical pastoral" *Yan Tan Tethera*.

It is a ballad, based upon the legend of the Two Sisters, a violent story of family murder which appears in folk lores throughout northern Europe and America. Harrison's text for *Bowdown* intertwines conflicting versions of the tale, moving between English, regional dialects and Danish, constantly breaking the thread and rejoining it so that the speech rhythms are varied, the perspective changes, and the listener is moved between frames of reference and narrative styles.

Birtwistle's music does the bare minimum (though he has added some new material for the new staging): the text is underpinned with pulses, primeval interludes are based upon the slenderest scraps of melody, piercing drones pick out the bloody climaxes. Yet the cumulative effect is monumental; the dramatic world created by both music and text is totally absorbing and consistent, and quite unlike anything in the repertory.

The new production by Graham Devlin's Major Truck Theatre Company is touring the country under the auspices of the Arts Council's Contemporary Music Network; it reached the Queen Elizabeth Hall (and a disappointingly small audience) on Thursday. Devlin's approach retains the essential ritualised aspect of the original; one of *Bowdown's* most extraordinary characteristics is its invented sense of communal story-telling, of a drama pieced together from shards of collective memory, in which the actor-musicians pool their resources and seemingly invent their roles as necessary.

There is more extraneous movement in this production than in previous versions I've seen, and perhaps a little less cumulative energy too; something tighter and more controlled might give the action a greater tension and impact, but this remains a finely wrought realisation of an extraordinary piece, which continues to defy categorisation. It's arguably both Birtwistle's and Harrison's most perfectly achieved stage work to date, a genuine alliance of equal partners wonderfully matched in their sensibility.

Andrew Clements

Queen Elizabeth Hall; touring next week to Southampton, Sheffield and Lancaster

They're playing a Finnish tune in Japan

Andrew Clement reports from the Kitakyushu International music festival

KITAKYUSHU sprawls across the north-western tip of Kyushu, the most southerly of the main islands of Japan. With a population of a little over a million it is the country's seventh largest city, created in 1973 from the amalgamation of five industrial towns. Its hectic jumble of expressways, factories and urban development receives the thumbs-down from the guide books to Japan, which generally urge visitors to pass through as quickly as possible and head on to the volcanoes, hot springs and lush evergreen forests farther south.

There is much hard work going on to change that unprepossessing image, and the arts are strongly featured in the city's immensely ambitious plans for the millennium. A handsome art museum already commands a panoramic view, air pollution permitting, across the whole of Kitakyushu, and the Kitakyushu International Music Festival has put down firm roots – five years old now and generously supported by the city authorities.

The festival is the creation of the violinist Yoshiko Arai, and her cellist husband Seppo Kimanen. Kimanen founded and still directs the Kuhmo Chamber Music Festival, the exuberant midsummer celebration in central Finland that has established itself as one of Europe's leading chamber-music feasts. The couple's idea of creating a Japanese sibling to Kuhmo in Ms Arai's home city was eagerly received in Kitakyushu, and it has prospered mightily, now drawing musicians from Europe and the US each November to Japan. There was a full week of concerts and recitals this year and every one was immensely well supported and warmly received.

The Kuhmo model was the starting point for Kitakyushu and chamber music remains its raison d'être with the final evening given over to a mammoth programme of "chamber music fever". Along the way, though, some aspects of the Finnish programme have been adapted to local conditions, and slowly other, new traditions have evolved. There was never quite the sense of prodigal informality, the spontaneity and unpredictability, which is one of Kuhmo's most engaging characteristics; the Japanese concern for order and firm planning saw to that. Concerts began and ended with most un-Kuhmo-like punctuality, with never a suggestion of music-making stretching on into the small hours.

The nature of the place, and the diverse venues for the concerts were partly responsible. For Kitakyushu has at least three concert halls that would be welcomed in almost any European city – certainly nowhere in the British Isles outside London is so well endowed – and all played host to one or more concert. Chamber music in big, 2000-seater halls is a very different proposition from the intimacies of the Finnish performances.

Yet a series of lunchtime concerts (immensely expensive and exclusive) in the beautiful Western-style headquarters of the Industrial Club of West Japan generated their own kind of cosiness; there the British cellist Robert Cohen gave marvellously eloquent performances of solo suites by Bach and Britten and was heard with the closest attention, while a programme of Sibelius's chamber music given in a Buddhist temple with the audience seated cross-legged on the floor had a kind of rapt intensity that made a very suitable substitute.

Sibelius and Brahms were the themes of the Kitakyushu week. Japanese audiences are only just getting to grips with Western music of the 20th-century, and Sibelius, one suspects, was largely unknown to them. Two concerts by the orchestra of the Korean Broadcasting System under Okko Kamu brought a Sibelius symphony, the First, sketched in rather approximate terms (decent string playing, raucous, insecure wind); in the Shokakuji temple the Jean Sibelius Quartet (Arai's and Kimanen's own group) gave a beautifully conceived, small-scale account of the *Voces Intimae* quartet, and the remarkable violinist Mark Peskanov played the rarely heard (and still unpublished) Five Pieces Op. 81.

Peskanov and his regular Kuhmo colleagues provided the personnel for the other, less thematic chamber evenings too. In these happily assorted programmes the music-making seemed at its most unbuttoned and exciting. Scattered through the week there were thrilling accounts of the Dvorak piano quintet with Peskanov and Cohen, Jukka Pohjola and Teemu Kupsinen from the Sibelius quartet, and the pianist of the Tchaikovsky Trio Konstantin Bogino, and of the Brahms Piano Quintet with Peter Csaba and Arai, Vladimir Mendelssohn, Kimanen and the pianist Etsuko Terada. Peskanov with Juhani Lagerspetz gave as crisp and musical an account of Beethoven's Violin Sonata Op. 12 no. 1 as one could hope to hear, the Tchaikovsky Trio dug out a typically full-blooded account of Rakhmaninov's *Trio elégiaque* and Charles Neidich was wondrously fluent in Brahms' E flat Clarinet Sonata and Berg's Four Pieces.

Such were the most Kuhmo-like highlights of a packed week, but the concerts by the Korean orchestra also provided a platform for young soloists from Finland and Japan to go through their paces. The Finnish-based Valeria Resjan coped well with Mozart's B flat Piano Concerto K.595, even though the KBS Symphony is hardly the Mozart orchestra of anyone's dreams. Most remarkable of all was a 15-year-old violinist Yuko Kawami, who despatched Sarasate's *Carmen* Fantasy as if its technical challenges were negligible.

Both young ladies were invited to next summer's festival in Kuhmo, while Kuhmo's own youth policy is now reaping its rewards in the shape of the Virtuosi di Kuhmo, a splendidly accomplished string orchestra conducted by Peter Csaba that spent the week in Kitakyushu touring schools in the area. Their performances at the final jamboree demonstrated what a finely honed group Csaba has produced and what a useful broadening of Kuhmo's scope it provides; even transplanted halfway across the world the festival preserves a special flavour and its energy and enthusiasm most of all.

TELEVISION

SATURDAY

BBC1

7.00 Champion the Wonder Horse. 7.25 News. 7.30 Spider. 7.35 Animal World. 7.45 Quick Draw McGraw. 7.50 Litt' Bits. 8.15 Chucklevision. 8.35 Bucky O'Hare. 9.00 Going Live!

12.12 Weather.

12.15 Grandstand. Introduced by Bob Wilson. Including 12.20 Football: A review of the third round, first leg matches in the UEFA Cup. 12.40 Racing from Newbury: The 12.45 Bonusprint Gerry Feilden Hurdle Race. 12.55 Football. 1.05 News. 1.10 Racing: The 1.15 Akzo Long-Distance Hurdle Race. 1.25 Snooker: UK Championship Final. 1.40 Racing: The 1.50 Hennessy Cognac Gold Cup Handicap Chase. 2.00 Rugby Union: Barbarians v Australia live from Twickenham. 3.50 Football Half-Times. 4.00 Snooker. Further coverage of the final. Commentary by Ted Lowe, Jack Karnehm and Clive Everton. 4.40 Final Score. Times may vary.

5.05 News.

5.15 Regional News and Sport.

5.20 Dad's Army.

5.50 Big Break.

6.20 Noel's House Party. Soccer superstar Gary Lineker gets a Gotcha Oscar and Richard Digance, 'manager' of Crinkley Bottom Wanderers, drops in to see Noel. Another celebrity is invited to Grab a Grand.

7.15 Bruce Forsyth's Generation Game.

8.15 Casualty. Tragedy strikes when a farmer facing eviction runs amok with a gun. Sandra gets a written warning about her conduct, and Ash splits up with girlfriend Nikki. Duffy gets the results of her biopsy.

9.05 News and Sport; Weather.

9.25 Film: Tremors. Kevin Bacon and Fred Ward play handymen who band together with a bunch of locals to fight a subterranean monster with a taste for human flesh. With Finn Carter and Michael Gross (1990).

11.00 Match of the Day. Des Lynam introduces highlights from two top FA Premier League games.

12.05 Snooker: UK Championship. David Vine introduces the second session of the final from Preston's Guild Hall.

1.30 Weather.

1.35 Close.

BBC2

8.00 Open University. 9.05 Film: Fort Apache. 11.10 Arthur Negus Enjoys. 11.25 Bird's Eye View. 12.15 pm Film: Wagonmaster.

1.35 Animation Now. Cartoon adventure.

1.50 Network East. Veteran Hindi film actor Mehmood looks back on a career playing heroes, villains and, most recently, comic roles.

2.20 Tanhaiyan. (English subtitles).

3.00 Film: There Must be a Pony. Elizabeth Taylor plays a once-celebrated actress picking up the pieces after a stay in a mental hospital. With Robert Wagner (1986).

4.30 Snooker: UK Championship. Highlights from the opening session of the best-of-31-frame final.

5.20 Late Again.

6.05 Scrutiny. The work of the House of Commons' Select Committees.

6.35 News and Sport; Weather.

6.50 Pole to Pole. Michael's epic journey finds him animal-spotting in Kenya's top game reserve. He also gets up at the crack of dawn for game drives in the Masai Mara and balloon flights over the Serengeti. Glad to leave the mosquitoes behind, he continues his expedition afloat on Lake Tanganyika on a ferry which has been in service for more than 80 years. Shown last Wednesday on BBC1.

7.40 Glimpses of Paradise. A profile of composer John Taverner, noted for his work The Protecting Veil. The programme dwells on his spiritual conversion to the Eastern Orthodox Church and explores his relationship with abbess Mother Thekla, who acted as librettist on his opera Mary of Egypt. Sections from the composer's works are featured.

8.35 Have I Got News for You. Chris Tarrant and actress Meera Syal join Ian Hislop and Paul Merton to take a swipe at the week's news.

9.05 Performance: Roots. A production of Arnold Wesker's play Roots, first performed in 1959. A young wife (Jane Horrocks) realises married life has stifled her true personality and sets out to assert her independence and broaden her horizons. Also starring Pam Ferris.

10.50 Film: The Mouth Agape (1974).(English subtitles).

12.15 Saturday Night Live. Hosted by actor Christopher Walken.

12.50 Close.

LWT

6.00 TV-am. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 LWT News and Weather; The Day.

1.15 Highdays and Otherdays. Jenny Bristow creates meals which are good for the heart.

1.40 The A-Team.

2.35 WCW Worldwide Wrestling.

3.25 Dinosaurs.

3.50 Beverly Hills 90210.

4.40 ITN News and Results Service; Weather.

5.00 LWT News.

5.05 Cartoon Time.

5.15 Gladiators.

6.15 Blind Date.

7.15 Film: Who Framed Roger Rabbit? Premiere. Private eye Bob Hoskins sets out to prove the innocence of a cartoon rabbit in Robert Zemeckis' ground-breaking live action/animated film. Christopher Lloyd and Joanna Cassidy co-star, with guest appearances by, among others, Mickey Mouse, Dumbo, and Bugs Bunny (1988).

9.05 Denis Norden's Trailer Cinema. Affectionate look at trailers from forgotten B-movies of the 1950s and 1960s. The production team trawled the vaults of Pinewood Studios and prized open American treasure chests, discovering rusty film cans which the likes of Joan Collins, Sean Connery and Leonard Nimoy may wish had never been found.

10.00 World Championship Boxing. Chris Eubank v Juan Carlos Giminez. Eubank undertakes his 10th world title fight in the past two years as he takes on the experienced South American. Live from Manchester's G-Mex Centre.

10.55 ITN News; Weather.

11.10 LWT Weather.

11.15 Film: Personal Services. Julie Walters stars as a brothel madam in the premiere of this witty look at British attitudes to sex (1987).

1.10 Saturday Night Live Goes Commercial.

2.05 The Big E.

3.05 Get Stuffed; ITN News Headlines.

3.10 The Gig.

4.10 Get Stuffed; ITN News Headlines.

4.15 Out of Limits.

4.20 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Kabaddi. 10.30 Gazzetta Football Italia – With Paul Gascoigne. 11.30 American Football: Play Action. 12.00 Sign On. 12.30 pm Songs and Memories.

1.00 The Open Window. Short film from new director Rupert Wainwright. A banging window makes an actor's life hell on the night before an important audition.

1.25 Racing from Newcastle. Including the 1.35 Heron Electrical Novices' Chase, 2.10 Phillip Corner Novices' Hurdle, 2.40 Bellway Homes Fighting Fifth Hurdle, and the 3.10 Douglas Smith Memorial Handicap Chase.

3.30 Film: The Picture Snatcher. Ex-convict James Cagney takes a job as an unscrupulous photographer.(1933).

4.55 The Dingles. Canadian animation.

5.05 Brookside. Omnibus edition.

6.30 Right to Reply. Beverly Clack analyses the implications of the Government's Green Paper on the future of the BBC.

7.00 A Week in Politics. Labour MPs Peter Mandelson and Calum MacDonald discuss how Labour will have to change to ensure victory at the next election. Plus, a look at the Green Paper on the BBC, the pay review for MPs, the new arms-for-Iraq revelations and a report from Scotland on the possible privatisation of Scottish Water.

8.00 The Big Battalions. Religious drama, starring Brian Cox, Jane Lapotaire and Juliet Aubrey.

9.00 Zoo TV. U2's multi-media extravaganza, which features concert highlights from the band's two-year tour and material from their hit album Achtung Baby.

10.30 Film: Camille Claudel. Gérard Depardieu stars as a 19th century sculptor who embarked on a passionate and tempestuous love affair with his assistant (Isabelle Adjani) (1988).(English subtitles).

1.45 The Word.

2.45 Film: Ten Seconds to Hell. Post-World War Two drama about a group of former German soldiers who risk their lives when they form a bomb disposal squad in Berlin. Starring Jeff Chandler and Jack Palance (1959).

4.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News. 1.10 The Life and Times of Grizzly Adams. 2.05 McCloud: Butch Cassidy Rides Again. (TVM 1974) 5.00 Anglia News and Sport

BORDER:
1.05 Border News. 1.10 Kick Off. 1.30 Johnny Tremain. (1957) 3.00 Granada Sports World. 5.00 Border News and Weather 5.10 Sports Results.

CENTRAL:
1.05 Central News 1.10 The Life and Times of Grizzly Adams. 2.05 Carry On Teacher. (1959) 3.40 Cartoon Time. 5.00 Central News 5.05 The Central Match - Goals Extra. 11.10 Local Weather.

CHANNEL:
11.30 The Munsters Today. 1.05 Diary Dates. 1.10 TVS Sporting Decade. 1.40 For the Love of Ada. (1972) 3.20 Zorro. 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN:
1.05 Grampian Headlines 1.10 Calpsean Planaid. 1.45 Rocksport. 2.00 Saludos Amigos. 2.45 The Life and Times of Grizzly Adams. 5.00 Grampian Headlines and Weather 11.10 Grampian Weather.

GRANADA:
11.30 Zorro. 1.05 Granada News 1.10 Kick Off. 1.30 Johnny Tremain. (1957) 3.00 Granada Sports World. 5.00 Granada News 5.10 Granada Goals Extra.

HTV:
1.05 HTV News. 1.10 Mark of the Phoenix. (1958) 2.20 Golf: Ping Kapalua International. 3.20 Kraft Tour Tennis. 5.00 HTV News and Sport

SCOTTISH:
1.05 Scotland Today. 1.10 Calpsean Planaid. 1.40 El Cid. (1961) 3.15 Beverly Hills 90210. 4.10 Bullseye. 5.00 Scotsport Results. 5.10 Scotland Today 11.10 Scottish Weather.

TSW:
11.30 The South West Week. 1.05 TSW News. 1.10 Off the Hook Special. 2.05 The Bride is Too Beautiful. (1958) 5.00 TSW News. 5.05 Gus Honeybun's Cartoon Time. 11.10 TSW Weather.

TVS:
11.30 The Munsters Today. 1.05 TVS News. 1.10 TVS Sporting Decade. 1.40 For the Love of Ada. (1972) 3.20 Zorro. 5.00 TVS News.

TYNE TEES:
1.05 Tyne Tees News. 1.10 The Channon and Ball Video Show. 1.40 Motor Sport Special. 2.10 Carry on Nurse. 5.00 Tyne Tees Saturday.

ULSTER:
11.30 Zorro. 1.05 Ulster Newstime 1.10 Saturday Sport. 1.20 Rocksport. 1.40 Carry On Cruising. (1962) 3.20 Movies, Movies, Movies. 3.50 Wrestling. 4.35 Goal of the Week. 5.00 Ulster Newstime 5.05 Saturday Sport. 11.10 Ulster Newstime

YORKSHIRE:
11.30 The Mountain Bike Show. 1.05 Calendar News. 1.10 The A-Team. 2.05 Treasure of the Golden Condor. (1952) 3.45 Cartoon Time. 5.00 Calendar News.

S4C Wales as Channel 4 except:-
10.00 Jeifin. 12.00 Get Smart. 12.30 The Cosby Show. 3.30 Twice Round the Daffodils. (1962) 6.30 The Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.15 Bacha Hi O'Ma. 8.00 Deryn. 8.55 Tocyn Tymor. 10.00 Trop Belle Pour Toi! (1989) 11.40 Zoo TV.

SUNDAY

BBC1

7.30 Film: They Flew Alone. 9.10 News. 9.15 Morning Worship. 10.00 See Hear! 10.30 Inside English. 10.45 Italianissimo. 11.00 Careering Ahead. 11.30 Mosaic.

12.00 Advice Shop. Helen Madden presents the welfare rights magazine.

12.30 CountryFile.

12.55 Weather for the Week Ahead; News.

1.00 On the Record with Jonathan Dimbleby is Environment Secretary, Mr Michael Howard.

2.00 EastEnders.

3.00 Eldorado.

3.30 Film: Donovan's Reef. The rough 'n tumble adventures of ex-soldiers John Wayne, Lee Marvin and Jack Warden on an island paradise. With Elizabeth Allen (1963).

5.20 The Clothes Show. MPs, Ministers and nobles strip down to their bare essentials and take the plunge in the House of Commons v House of Lords annual swimming gala. Also Franco Moschino's first fashion show in three years, with musical accompaniment by the brass section of the London Symphony Orchestra.

5.45 The Borrowers. Arrietty's plan to rescue Pod and Homily turns into a life-or-death race against time. She enlists the help of George, but is spotted in his pocket by Mrs Driver.

6.15 Lifeline. Jenny Seagrove appeals on behalf of the Eating Disorders Association.

6.25 News.

6.40 Songs of Praise. Pam Rhodes joins a seasonal celebration on the first Sunday in Advent from the Winter Gardens, Glasgow.

7.15 Last of the Summer Wine.

7.45 Only Fools and Horses.

9.05 Birds of a Feather.

9.35 Look at It This Way.

10.30 News and Weather.

10.45 Everyman. Three men talk with love and affection about the relationships they had with their fathers. Men are normally reticent about the time spent with their fathers and sons, but those who take part claim the experience can be character building.

11.25 Doogie Howser, MD.

11.50 Bellamy Rides Again.

12.20 Tanhaiyan. Shown yesterday on BBC2.(English subtitles).

1.00 Weather.

1.05 Close.

BBC2

7.00 Felix the Cat. 7.15 Playdays. 7.40 Smoggies! 8.05 Telling Tales. 8.20 Orville and Cuddles. 8.25 Blitsa. 8.45 Gentle Ben. 9.10 The Wetter the Better. 9.35 Thundercats. 10.00 Kevin and Co. 10.25 Blue Peter Omnibus. 11.15 The O Zone, with guests Take That, Genesis and East 17. 11.30 Shakespeare: The Animated Tales. 12.00 Thunderbirds. 12.50 pm The Invaders.

1.40 The Staggering Stories of Ferdinand De Bergos.

2.00 Around Westminster.

2.30 Snooker: UK Championship. The Final.

4.30 A Concerto for Evelyn. Virtuoso percussionist Evelyn Glennie performs the TV premiere of Veni, Veni, Emanuel, by Scots composer James McMillan. With the Scottish Chamber Orchestra, conducted by Jukka-Pekka Saraste.

5.05 Rugby Special. The Barbarians v Australia (highlights).

6.05 Travel Show Guides. The team explores Morocco. Carol Smillie visits Agadir, where she finds a purpose-built resort with beaches and water-sport facilities. Paddy Haycocks and Matthew Collins report on the cultural conflict which is affecting the country's developing tourist industry.

6.35 The Money Programme.

7.15 The Realms of the Russian Bear. Russian naturalist Nikolai Drozdov visits the Badkhyz Nature Reserve on the borders of Iran and Afghanistan. One of the hottest places on Earth, it is home to a varied selection of creatures, including gazelles, wild asses and the 3 metre-long monitor lizard.

8.05 Funny Business.

8.55 Building Sights Europe. Richard Burdett, director of London's Architecture Foundation, looks at The Casa Malaparte, a private house on the island of Capri.

9.05 Did You See? Guests are former Heritage Secretary David Mellor, American novelist Marti Leimback and Rhiannon Chapman, director of The Industrial Society. They review BBC1's Look at It This Way, BBC2's Troubleshooter 2 and ITV's The New Statesman.

9.35 The Cry. New series. Religious music videos to mark Advent. Composer Philip Wilby presents his piece The Cry of Iona, inspired by the island which he considers his spiritual home.

9.55 Snooker: UK Championship. The Final.

1.30 Close.

LWT

6.00 TV-am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.30 pm LWT News Weekend; Weather.

1.00 ITN News; Weather.

1.10 Walden. Brian Walden asks shadow Foreign Secretary Jack Cunningham: "Is Labour changing its mind over Europe?".

2.00 Bullseye.

2.30 The London Match. Luton v Watford. Ian St John presents coverage of the match from Kenilworth Road. Commentary by Brian Moore.

5.05 Baywatch.

6.00 Animal Country. Desmond Morris and Sarah Kennedy meet Nizinnya, a relative of the Old English sheepdog, an armful of ferrets and a tame badger.

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 Highway. Sir Harry Secombe travels to Coniston and Hawkshead in the Lake District where he talks to Chris Bonington about how the work of Beatrix Potter and John Ruskin is helping the National Trust.

7.15 Second Thoughts.

7.45 The Ruth Rendell Mysteries.

8.45 London's Burning. Two terrorists blow up a hotel in the last programme of the series. Blue Watch are called to the scene of destruction and set about freeing the trapped men – until Colin finds more than he bargained for.

9.45 ITN News; Weather.

10.00 LWT Weather.

10.05 The New Statesman. Rik Mayall as the ever-scheming Tory MP lands in a sticky situation when an equally devious colleague unveils plans to make a large amount of cash. Terence Alexander and Marsha Fitzalan star.

10.35 Film: Where Angels Fear to Tread. Adaptation of E.M. Forster's novel in which a widow holidaying in Italy falls for a much younger man. Period drama, starring Helena Bonham Carter and Helen Mirren (1991); ITN News Headlines.

12.40 Dangerous Liaisons: Denial and Deceit in the Era of Aids.

1.35 Cue the Music.

2.35 Almost Grown.

3.30 Aids in Africa, followed by Get Stuffed and ITN News Headlines.

4.30 ITV Chart Show.

CHANNEL4

6.00 Early Morning. 9.25 Laurel and Hardy. 9.30 Dennis. 9.45 Flipper. 10.15 If Wishes Were Horses. 10.45 Voyage to the Bottom of the Sea. 11.45 Little House on the Prairie. 12.45 pm Classic Cars.

1.15 Football Italia. Live action from David Platt's Juventus against AC Milan plus news of Des Walker's Sampdoria against Parma; and Paul Gascoigne's Lazio as they take on Roma.

3.30 Film: Union Station. Policeman William Holden hunts a gang of kidnappers responsible for abducting a young blind woman. With Nancy Olson and Barry Fitzgerald (1950).

5.00 Scherzo. Short animation set to Mahler's music.

5.10 News.

5.15 High Interest: Sick as a Parrot. Until recently, Tottenham Hotspur was the glamour club of English football. Now it is making more headlines off the pitch than on. High Interest investigates the battle for control of the club and reveals how it became the key to a £300m deal designed to change the face of British television.

6.00 The Royal Collection Under Fire. The aftermath of the Windsor Castle fire and the effect it may have on future conservation of the greatest private picture collection in the world.

6.30 The Cosby Show. Cliff is recruited as peacemaker for two feuding friends who haven't spoken for years.

7.00 Equinox: The Alpha Link. Current safety standards for the nuclear power industry are based on lessons learned in the atomic attacks on Japan in 1945. But are the Japanese withholding information? Equinox reports on a discovery in a British laboratory which suggest they are.

8.00 Poetry in Motion. New series. Alan Bennett explores the world of poetry. In the first programme, he chooses his favourite poems on the theme of childhood.

8.30 American Football. Miami Dolphins at the New Orleans Saints.

10.00 Film: The One That Got Away. Downed German pilot Hardy Kruger endeavours to escape his British captors. Also starring Colin Gordon, Michael Goodliffe and Terence Alexander (1957).

12.00 Film: Camila. Argentinian romance (1984).(English subtitles).

2.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Gardening Time. 12.50 Anglia News. 2.00 Get Wet. 2.30 Anglia Sport Special. 5.30 Bullseye. 6.35 Anglia News.

BORDER:
12.30 Gardening Time. 12.55 Border News. 2.00 Operation Bullshine. (1959) 3.35 Highway to Heaven. 4.30 Animal Country. 5.30 Scotsport. 8.00 Bullseye. 6.35 Border News.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 2.00 Memories of 1970-1991. 2.45 The Central Match – Live. Barclay's League first division game: Peterborough United v Swindon Town. 5.00 Cartoon Time. 5.15 WCW Wrestling. 6.00 Bullseye. 6.35 Central News 10.00 Local Weather.

CHANNEL:
12.30 Reflections. 12.35 Les Français Chez-Vous. 12.50 Tele-Jornal. 2.00 The New Adventures of Black Beauty. 2.30 Lt Robinson Crusoe USN. (1966) 4.30 Bullseye. 6.35 Channel News.

GRAMPIAN:
10.45 Heidi. 11.15 Sunday Service. 11.45 Link. 12.30 Eikon. 12.55 Grampian Headlines. 2.00 The Nature of Things. 3.00 Great Planes. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 A Taste of Ecosse. 6.35 Grampian Headlines 10.00 Grampian Weather.

GRANADA:
12.25 What the MPs Say. 12.55 Granada News 2.00 Granada Action with the A-Team. 2.30 Cartoon. 2.45 Red Skies of Montana. (1952) 4.30 House Styles. 5.00 Bullseye. 5.30 Coronation Street. 6.35 Granada News

HTV:
12.30 The Nature of Things. 12.55 HTV News. 2.00 Challenge of the Seas. 2.30 Cartoon Time. 2.40 WCW Worldwide Wrestling. 3.30 Crooks and Coronets. (1969) 5.30 Bullseye. 6.35 HTV News.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Eikon. 12.55 Scotland Today. 2.00 Scottish Books. 2.30 El Cid. (1961) 4.05 Baywatch. 5.00 Scotsport. 6.00 NB Special. 6.35 Scotland Today 10.00 Scottish Weather.

TSW:
12.30 TSW Farming Week. 12.55 TSW News. 2.00 Rocksport. 2.20 Gus Introduces Frootie Tooties. 2.30 Highway to Heaven. 3.25 What's Up Tiger Lily? (1966) 5.00 Bullseye. 5.30 Cobblestones, Cottages and Castles. 6.35 TSW News. 10.00 TSW Weather.

TYNE TEES:
12.25 Tyne Tees News Review. 12.55 Tyne Tees News. 2.00 Ark on the Move. 2.30 Scott of the Antarctic. (1948) 4.30 The Back Page. 5.00 Animal Country. 5.30 Bullseye. 6.00 Columbus by Candlelight. 6.35 Tyne Tees News.

ULSTER:
12.30 Gardening Time. 12.55 Ulster Newstime 2.00 1991 Jameson Liffey Descent. 2.30 Anne of the Thousand Days. (1969) 5.00 Bullseye. 5.30 Coronation Street. 6.35 Ulster Newstime 10.00 Ulster Newstime

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 Cartoon Time. 3.05 Red Skies of Montana. (1952) 5.00 Animal Country. 5.30 Bullseye. 6.00 Calendar. 6.35 Local Weather. 10.00 Local Weather.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Nick Barraclough's New Country. 1.00 I'm Sorry I'll Read That Again. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Big Bands in the Big Apple. 5.00 Cinema 2. 5.30 The Great Musicals. 6.00 Bob Holness Requests the Pleasure. 7.00 Behind the Hits. 7.30 George Shearing and the BBC Big Band in America. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 John Terrett. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.35 Open University: Countdown to Angles.
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Boston Symphony Chamber Players.
2.45 High Flying Music.
3.00 Vienna: The Philharmonic Years 1842-1992.
5.00 Jazz Record Requests.
5.55 Die Frau ohne Schatten.
10.15 Third Opinion.
11.00 Impressions.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 I'm Sorry I Haven't a Clue.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Saturday Playhouse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Tea Junction.
6.00 News and Sports Round-up.
6.25 Week Ending.
6.50 The Locker Room.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Piece.
9.20 Music in Mind.
9.59 Ten to Ten.
10.00 News.
10.15 Open Mind.
10.45 Worlds Apart.
11.00 Richard Baker Compares Notes.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
6.30 Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.00 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; The World Today. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now and Then; Letter From America. 10.30 Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News: Sportsworld continued. 4.00 News; News About Britain; BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News Summary; Sportsworld. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Personal View; Words of Faith. 8.30 Europe This Weekend. 8.55 European Sports News. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary; Play of the Week: Hindle Wakes. 2.00 Newsdesk; The Greatest Power on Earth. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News. 4.15 For Better for Worse. 4.30 Business Review. 4.45 Programmes in German.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown.
12.00 Petroc Trelawny.
3.00 Adrian Love.
6.00 Classic America.
7.00 The Marriage of Figaro.
10.00 Classic Quiz.
12.00 Andre Leon.
2.00 Classic CD Chart Rundown.
3.00 Andre Leon.
4.00 Classic America.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 A Tenor Sang. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Nick Barraclough's New Country. 1.00 John Terrett. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age.
1.00 News.
1.05 Table Talk's History of the World.
1.20 BBC Scottish SO.
3.15 Coull Quartet.
4.35 Alexei Lubimov.
5.35 Finding the Key.
6.00 A Service for Advent with Carols.
7.30 Tender in the North.
9.20 Sunday Play.
11.15 Music in Our Time.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Geraldine James.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Treasure Islands.
5.00 Kennedy Country.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile.
7.00 The Best of Fear on 4.
7.30 Bookshelf.
8.00 Punters.
8.30 Reading Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 The Giants' Killer.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
6.30 Weekend Edition.
9.30 We Are Mosquitio We Are One.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Sunday Brunch.
1.00 News Update.
1.40 Open Forum.
2.00 Animal Talk.
2.30 The Mark Steel Solution.
3.00 Sunday Sport.
6.00 Writers' Weekly.
6.30 Education Matters.
7.15 How We Lived Then.
7.30 Italianissimo.
8.00 Restart French.
8.30 Deutsch Express.
9.00 Open University.
9.30 Club Class.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; Letter From America. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Classics with Kay. 9.00 News; Business Review. 9.15 Short Story: The Egg. 9.30 Folk in Britain. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk; BBC English. 11.45 News and British Press Review in German. 12.00 News Summary; Play of the Week: Hindle Wakes. 1.00 Newshour. 2.00 News Summary. 2.01 A Sight Worth Seeing. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News and Business Review. 5.15 Club 648. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Folk in Britain; Words of Faith. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Business Review; Classics with Kay. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary; Likely Stories. 1.45 Jerome Kern Among Friends. 2.00 Newsdesk. 2.30 Composer Of The Month: Claude Debussy. 3.00 News; News About Britain.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic Romance.
12.00 CD Requests.
2.00 Celebrity Choice.
3.00 Robert Booth.
7.00 Authentic Performance.
8.00 Classic FM Concert.
10.00 Sunday Night Out at Smolensky's.
11.00 Contemporary Classics.
12.00 Andre Leon.
2.00 Classic Romance.
3.00 Andre Leon.

CHESS

CHESS for over-60s has become a serious international activity. The second world senior championship, sponsored by a Liechtenstein bank and held at Bad Worishofen, Germany, attracted more than 100 entrants headed by nine grandmasters.

Germany, Russia and the US hold regular team or individual events for older players, usually at a holiday resort or combined with a cruise. So far the UK has lagged, with only a low-entry over-60 event at the annual BCF congress.

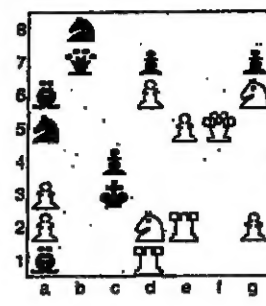
In Bad Worishofen, Britain's John Littlewood and Bob Wade did well, a point behind the winner Ewfim Geller. It was an overdue honour for Geller, 68, who at his peak was Bobby Fischer's bete noire (S Bucan, White; E Geller, Black; Two Knights Defence; World Seniors 1992).

1 e4 e5 2 Bc4 Nf6 3 d4 exd4 4 Nf3 Nc6 5 Ng5 d5 6 exd5 Qe7+ White tries to confuse the GM with a rare opening, but Geller's subtle queen check finds the flaw. If 7 Qe2 Ne5 8 Bb3 d3, so White has to forfeit castling.

7 Kf1 Ne5 8 Qxd4 h6 9 Ne4 Nxc4 10 Nxf6+ Qxf6 11 Qxc4 Bd6 12 Nc3 0-0 13 Ne4 Qg6 14 Nxd6 cxd6 15 Bf4 Bf5 Bishops of opposite colour, a drawish endgame factor, can aid an attack. *If now 16 c3? Bd3+* while 16 Rc1 Rac8 regains the pawn with great advantage.

16 Qb4 Bxc2 17 Bxd6 a5 18 Qc5 Rfc8 19 Qa3 Bb1 20 Bf4 Rc4 21 Qg3? Losing a bishop, but if 21 Be3 Rac8 with decisive threats. Qd3+ 22 Qxg3 Bxd3+ 23 Ke1 Rxf4 24 Kd2 Rd4 25 Resigns.

CHESS No 951



White mates in two moves, against any defence (by W von Holzhausen, 1909). A waiting move is needed, but which? It took me 15 minutes.

Leonard Barden

Solution Page XX

BRIDGE

TODAY'S sensational hand comes from championship teams-of-four:

	N	
	♠ K J 5 3	
	♥ Q 2	
	♦ 8 4	
	♣ A Q 8 4 3	
W		E
♠ 10 9 8 7 2		♠ Q 6 4
♥		♥ K J 8 7 4 3
♦ Q 10 7 2		♦ 9 5
♣ K 10 7 5		♣ 6 2
	S	
	♠ A	
	♥ A 10 9 6 5	
	♦ A K J 6 3	
	♣ J 9	

North dealt with East-West vulnerable, and opened the bidding with one club, his partner replied with one heart, North rebid one spade, and South unmasked his batteries with a bid of three diamonds. North gave primary preference with three hearts, and South's four hearts concluded the auction. East was too shrewd to double.

West opened with the 10 of spades, taken by the ace, and declarer cashed king and ace of diamonds. The three of diamonds was then ruffed with dummy's heart two, and over-ruffed with East's three. East correctly returned the heart king. South took with his ace, and was shocked when West discarded a spade. Declarer now led the club knave and ran it, and followed with the nine, which was covered by 10 and queen. Cashing dummy's spade king, South returned the club ace. This was ruffed with the heart seven and over-ruffed with the nine. Now the diamond knave was covered by the queen, but East cleverly ruffed with his heart four, and the spade queen forced declarer to ruff. He found himself endplayed, and had to surrender the last two tricks.

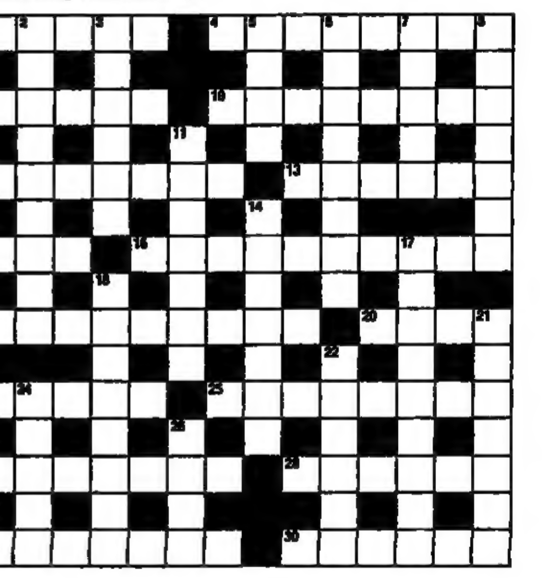
South was guilty of mistiming his cross-ruff. Let us replay the hand together. At trick six we play club nine to the queen, cash the king of spades, and ruff a spade in hand. A club to the ace gives us our eighth trick, and the spade knave is ruffed with East's four of hearts and over-ruffed with our six. Now we cut adrift with the diamond knave, and must score our 10 of hearts.

E P C Cotter

CROSSWORD

No. 8,015 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name, for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday December 9, marked Crossword 8,015 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 12.



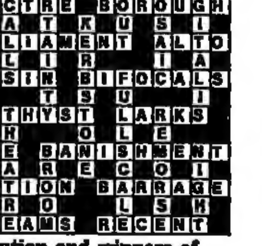
Name..

Address..

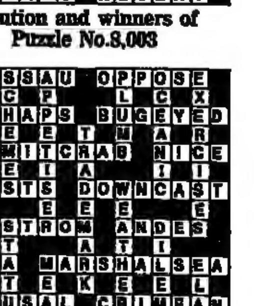
ACROSS
1 Keep in a corner? (6)
4 Hurried hit and run (8)
9 Mastered Arabic in fast time (8)
10 Road circling about Hanover (but not over)? (6)
12 Refusal, for example, in race (8)
13 Thwarted, added alcohol to drink (6)
15 Hospital put in wrong bone (4)
16 Container useful for those changing gear? (7-3)
19 Carroll's timely talking-point – the material of Post-Impressionists, say? (7-3)
20 Come to rest in the countryside? (4)
23 Girl finds refuge in a German one (6)
25 New cat-o-nine-tails is noiseless in the ocean (8)
27 Calling-case? (6)
28 Change shape of this club (8)
29 Lid to prevent Mexican beans from baking? (6)
30 Bring to light a French evil plot (8)
21 Medical disorder that can recur? (7)
22 Understand trick (4-2)
24 Stand in dock, you could say (5)
26 State in Mohave region (4)

DOWN
1 May one? Never in Greece! (7)
2 Sharing out city land that is beautiful but remote (7-2)
3 Reach at it for ages (6)
5 Celebrate double coming up (4)
6 New report about member being an activist (8)
7 A deficiency? Dear me! (5)
8 Abject droop to tail? (7)
11 Merry old soul admits limb needs lancing, we hear (7)
14 Difficulty in channel (7)
17 Black, on the eighteenth, needs space for shot (5-4)
18 Douglas, for example, holds match for any top-class hotel (4-4)
19 Puts aside space for books (7)

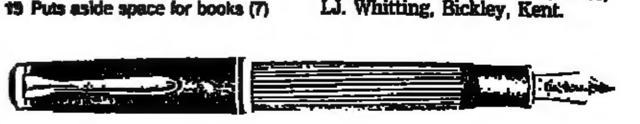
Solution to Puzzle No.8,014



Solution and winners of Puzzle No.8,003



B. Smith, Skelmorlie, Ayrshire; J.S. Bowman, Dovercourt, Essex; Mrs R. Copeland, Prestwich, Manchester; R.J. Handscombe, Agincourt, Ontario, Canada; Mrs J.K. McInnes, Mountsorrel, Leics; L.J. Whitting, Bickley, Kent.



Steeped in beauty beyond the Norm

Michael Thompson-Noel

I DON'T imagine I would ever spend £1m-plus on a David Hockney painting, as some people have. And I think I agree with the critic who said that while Hockney is "one of the most successful and acclaimed artists of his generation, in demand wherever today's western art finds a ready and eager public," he is also "preposterously *over-rated . . . superficial, turning* out a kind of 19th century saloon art refurbishedfrom the stockroom of modernism."

But I like and admire Hockney, especially his mixture of bluntness and sensitivity. And I enjoy what he says about art. Recently, in an interview, he said he was not sure that tragedy was a suitable theme for painting. "Strauss always said: 'I thought artists were for providing beauty'."

Hockney described how he had been captivated by a small picture in the Matisse exhibition in New York, a vase of flowers with a bust on a table. "I looked at the date, and it was 1942. And, of course, Europe was ripping itself apart. But I thought: 'Well, I'm *glad* he painted it. I'm glad that there was somebody . . . making something beautiful *from* the world around him'."

So inspired was I by Hockney's sentiments that this week I suddenly *hurled all the papers* on my desk into the air, stabbed the computer *Off* button and dashed in search of something beautiful. I rushed to the Tate Gallery, paid £4, and dived into the Swagger exhibition – 300 years of grand manner portraiture in Britain, from Van Dyck to Augustus John. "Swagger" portraiture can be showy and ostentatious, but also rhetorical, glamorous, exuberant and sexy.

There are 79 paintings in this exhibition, all of them beautiful. You can drown yourself in sumptuousness – Batoni, Zoffany, Reynolds, Gainsborough, Millais, Sargent, and so on. I had only one bad moment. I was admiring Sir *Thomas Lawrence's Catherine Gray, Lady Manners* (1794) when two twitterers strode up to it. I expect they were part of the Barnes mob. The thing about *Lady Manners* is

HAWKS & HANDSAWS

that it sorts the men from the boys. It is glittery, luscious and showy, the highlights of the dress laid on in thickly impasted white. It even has a peacock.

Is it chocolate-box art, or something much weightier? Weightier, I rather think. I find it immensely sad. But the Barnes pair were outraged. "Dear God in Heaven," moaned the female, when confronted by *Lady Manners*. "God, what a mess. She looks like a chicken." I have been known to start arguments in galleries on less than that, but I let the fools go, so wrapped had I become in the glamourousness of swagger.

I went home. I felt uplifted. I decided that for the next 24 hours I would look only at beautiful things, would let the world and its sorrows pass by unheeded.

Just as I was settling down, Miss *Lee, my executive assistant, burst* in. Dressed in designer gear. Expensively rouged and carmined. Bosom rising and falling. She had obviously been to Harvey Nicks with one of her dreadful friends. "The world is going mad," said Miss Lee. "The government is shaking and heaving. Iraqgate's exploding. The French are revolting. And a comet's heading for Earth."

"I don't want to know," I said gently. "For 24 hours I am ignoring the world and its comedies. I am steeping myself in beauty. Please don't disturb me."

For the next four hours I idled through a favourite book, *Ruskin Today*, an anthology chosen and annotated by Kenneth Clark "to reintroduce this fascinating and complex figure to the modern reader." *I read Ruskin on the* sacredness of colour – "the loveliest (colour) is melancholy"; on the snobbishness of English painters, *and on the* evil of decorating railway stations.

At 7pm, Miss Lee burst into the room again. Her hair was awry. There were Beaujolais stains on her front. "Michael, you have got to snap out of your reverie," she shouted. "Amazing things are happening. A dozen members of the cabinet have assassinated Norman Lamont. They stabbed him at the *Commons*. Heseltine plunged the first knife in, then Howard and Hurd and so forth. Lamont did not go quietly. Squealed like a pig, they *say. The blood you wouldn't* believe. Finally, John Major stepped from the shadows and finished poor Norman off."

I smiled kindly at my assistant. "I am afraid you will have to remind me," I said. "Who was Norman Lamont?"

Private View/**Christian Tyler**

Fantasies in the dust

Sol Kerzner built the notorious resort Sun City. He is about to open the grandiose sequel

A WHITE Rolls-Royce shone in the street outside. A butler opened the door of the flat. A cool blonde in black stockings rose from a plump sofa: at the further end of the split-level romm another smart blonde helped a little girl to her breakfast.

When people begin to look like fashion accessories you know you are in the presence of the ruthlessly rich. The adornments of Sol Kerzner's London flat – human and material – say more about *him than a hundred breathless reports by* the dazzled hackettes whom Kerzner has squired round his leisure empire.

Kerzner is a very successful South African *hotelier*, best known for Sun City, the sin-and-fun resort he built in the scrubby black "homeland" of Bophuthatswana out of reach of the republic's sex and gambling laws and where in the heyday of apartheid white politicians could safely consort with their black mistresses.

In a few days time he is due to open his sequel: the Lost City, a £180m resort next door. It comprises a fantastically-designed 350-room hotel pretending to be the restored palace of a lost civilisation, surrounded by 80 acres of imported jungle with huge water slides, artificial surfing lake, golf course, casino, bars and restaurants. The opening celebrations are said to include a Jean Michel Jarre sound-and-light show, a golf tournament and the Miss World contest with Jerry Hall and Ivana Trump on display.

Sol Kerzner, chairman of Sun International, proves two adages: audacity pays, if you give value for money, and publicity is all. At the age of 57 this son of poor Ukrainian immigrants has managed to acquire *the aura of a Khashoggi* – private jet, celebrity parties, late-night whisky sessions, leggy escorts, many homes and many wives.

No doubt he varies his act according to the publication he is talking to, but after the advance billing I found Kerzner disappointingly restrained. He appeared the typically cautious, hard-headed businessman, a bit flashy, maybe, but hardly flamboyant. Of his reputed vile temper there was no hint.

Kerzner is very short with big shoulders, broad chest, a modest beer belly and skinny legs. His eyes are unusually clear and at some angles he looks uncannily like the actor Richard Burton. He sat on the edge of the sofa running a set of worry beads through his fingers. The beads, and occasional shortness of breath, testified to the fact that he was once a heavy smoker and suffered a heart attack nine years ago.

I said: It's quite a lot of money to spend on a fantasy.

"It's not quite a lot. It's a lot." He laughed. "It's a lot of money to be spending when world economies are not great, when we're looking to attract foreign visitors and when the domestic economy is dreadful." He laughed again.

I don't expect you to frighten the punters ahead of opening day, I said, but there is still a danger of civil war in South Africa. Doesn't that keep you awake at night?

"Well, you know, one cannot predict what the outcome will be. I believe the *various leaders realise that even to pro*long this hiatus period is going to wreck the economy to a point where it's going to be unimportant who wins. Our economy *can't stand much more. We've* had disinvestment, the sanctions period. What one needs now is investment, foreign investment. I think they all realise that."

Kerzner has been accused of profiting *from apartheid, exploiting the pseudo-*independence of the homelands to establish "casinostans". Four years ago he admitted to a government commission having paid some R2m to George Matanzima, former prime minister of Transkei, to secure sole casino rights in the territory. Kerzner says it was not a bribe, but extortion. These days, naturally, he is paying court to leaders of the African National Congress.

You have been accused of making money on the back of apartheid, I said.

"If we had built gambling halls and *movie houses purely for porn movies, that* sort of stuff, then I agree with you. That would have been exploitation. But what we did was go in and develop a tourist industry; we give employment to over 18,000 people. That's not exploitation, that's development. We have trained people: 90 per cent of our personnel are from southern africa, indigenous.

"We've said in our annual reports going back years that the system is something we didn't subscribe to. There is no discrimination in our resorts or within our people.

"*It wasn't within* our power to break down the apartheid system. It was there. I think what we did was positive. We developed an industry – not a gaming industry, *a tourist industry, of which*, I agree absolutely, gaming was an important element."

I notice you're making friends with the ANC, I said.

"We have always spoken with the various political leaders, not specifically ANC. Tourism cannot be developed unless the government is behind it. My interaction with government is only at one level . . . to get infrastructure."

Have you invited Nelson Mandela to the opening?

"No, not to the opening. That really revolves around entertainment. This is not a political event."

Kerzner does not seem worried that gambling may be legalised in South Africa and kick one of the props from under his bantustan resorts. He already faces competition from illegal casinos in the urban areas.

"One would hope that it would be legalised in relation to tourism development. That's why we have developed Sun City to its present *size, to give variety against the* day when we compete."

That may also be why Kerzner is trying to erase Sun City's tacky reputation *(though people who have been there say* the place is actually very well run), and push the "Bop" resorts as family places.

Isn't sex part of the fun? I asked.

"Sex is not part of our marketing. Others project this singles sort of scene, We're *not competing with that. I mean perhaps* the stuff that we are projecting may look sexy, I dunno. But specifically looking to sell sex – absolutely not. We are defi*nitely selling an experience, a discovery of* what Africa is all about."

Even without the violence and uncertainty surrounding South Africa's move to universal suffrage, the Lost City fantasy is a gamble. Why should foreigners, in particular, fly to one of the most beautiful regions of the world in order to hole up in an *ersatz* creation like the Lost City? I asked Kerzner what made him so confident people would go for it.

"I think it's a combination of things. Instinct plays an important role. That's got to be part of it. Hilton, Sheraton, Interconti can go round the world with slide-rules doing their feasibility studies. Their stuff is easy. When you get into the unknown it becomes more difficult. You've got to have an understanding of what the people of tomorrow want, not the people of today.

"People have said to me over the years 'Wow, Sol, how could you do that!' Like *when I put every cent of the family money* into our first hotel. 'It's far too luxurious,' they say, 'South Africans won't pay that!' They say I've got courage, this or that, and *I think to myself: not at all. I felt* good about it from Day One."

But what makes you so sure?

"Well, I think I know people reasonably well when *it* comes to leisure. I've done it since 1964. *I don't want to blow my own trumpet, but I think I must* have a reasonable feel for what will excite people.

"In our business the secret is to know how far to go, how much to spend. Not to *overcapitalise, but if you get nervous* and you cut back on the real concept that's the kiss of death.

"Everyone knows the ruins are just built. Everyone *knows the palace* is *new* and is a hotel. Yet it's got to be done on a scale and in terms of detail and quality that people are gonna believe it."

You think fantasy is what people really want?

"No, I think what people want is a mix of fantasy and reality. This thing is so good that when you walk in there you've gotta wonder when you look at the murals if it hasn't been there the last coupla hundred years. Take our forests. When you walk into this rainforest, you're going to believe it – you're gonna get lost in there."

Sol Kerzner believes the future of tourism lies in what he calls "the total resort". The idea is not exactly new: the Butlins holiday camps were based on the same concept, while Disney invented the fantasy. Kerzner is marrying the two and multiplying by ten. But he insisted: "You've got to give value for money. If you take 'em for a ride, you're going to fail. But the total resort is where it's going. No doubt."

The cool blonde on the opposite sofa – a public relations girl she was – started shifting about in the way they do when the time is up.

Do you gamble?

"Not really. Yeah, I'll enjoy it if I go to Las Vegas. I'll sit there and have a bit of *fun. But it's fun, it's not big* money."

He thought for a second.

"I guess I could be. I just haven't allowed myself to be."

Well, I said, as I got up: good luck.

Kerzner was matey.

"Perhaps we'll see you at Lost City one day"

Thanks, *I said. Perhaps.*

Trevor Humphries

The death of the peasant

Nigel Spivey

Peasants are the great sanctuary of sanity . . . When they disappear, there is no hope for the race.

Virginia Woolf

IT STILL happens in remote parts of the Peloponnese, or in the heel of Italy. Rambling through the groves and terraces of Mediterranean polyculture, you come across a figure in the *landscape. He is dressing* vines, perhaps, or switching his goats to new pasture.

You, a trespasser, give your most ingratiating smile. He, the proprietor or tenant, returns a toothless grin – and goes further. He bids you stay and take a draught of wine with him; then a slice of bread, some olives and a tomato; then, to send you on your way, *some fruit of the season.*

It is a perfect encounter. It is the sort of humane simplicity for which bourgeois north *Europeans yearn. It is the* constitution of Arcadia – and has been for at least two centuries.

From the safety of our *stripped pine kitchens, it is* easy to allow false honour to the peasant. Get chatting to that shepherd and, soon enough, you realise that he would swap his donkey for a Mitsubishi Shogun if he could. The peasant is most admired by those who (like Woolf) do not have to share his existence – and, still less, his wife's.

Any decent study of rural history dispels visions of the picturesque felicity of subsistence as a livelihood. In Britain and France, during the last century, the state of agricultural labourers was wretched. Even writers prone to the idyllic were honest about this.

In the French countryside around 1850 only three-fifths of the population ever got to drink wine, and meat – scrag end of rabbit, most likely – was a rare family indulgence. French peasants were kept poor and benighted by an alliance of taxmen, landlords and the clergy. The *bon viveurs* who broke the ground for Elizabeth David were not, as we would like to *think, the peasantry*, but city types.

So, one can, in this sense, dismiss Woolf's apocalyptic *dictum. If she still were with* us, I think she would qualify her warning.

Originally, it arose in a dis*cussion of Thomas Hardy's* Dorset yokels, and the type she had in mind – phlegmatic, besmocked, hands calloused by the dung fork – has long been consigned to sepia postcards. His disappearance can hardly be lamented although, naturally, one feels elegiac about the fading of certain techniques of cultivation and animal husbandry, and worried lest, one day, technological agriculture should collapse and we are left incapable of producing our own food.

But no: it is not the end of the world; and in the case of the Dorsetshire labourer, or the Languedoc serf, probably *good riddance. But it is the* end of Arcadia, and it is the beginning of the end of pastoral values in European society.

The companionship of strangers; food whose abundance is governed by season; pure water from a freshet brook or spring; a full panoply of stars at night . . . these are things and spiritual sensations we think we can do without. *Ploughboys, these days, do not* get seats in parliament; nor stewards of hedgerows, nor even shopkeepers who sell *nails by weight and wrapped* in newspaper. Call it progress, or the loss of collective sanity: the fact is that it is happening, and *it demands a revision of* earthly delights.

Pastoral hankerings die hard. Britain's nabobs of urban development rarely face up to their own conquest by tarmac: they sneak down to the converted barn in the Dordogne, or the Provencale farmhouse abandoned by the farmer no longer permitted to farm.

Here, there is still kindness from strangers; here, you can fulfil a part of the national curriculum, and show your children the stars in the sky. A month in this sort of country is what many of us take to be a marvellous retreat and writers, whether good (A.S. Byatt) or mediocre (Peter Mayle), have no trouble in its celebration.

But we should face up to the *truth: Provence is not guaranteed toujours Provence.* Provence ultimately is no better inoculated against the 20th century than Merrie England.

To cries of English indignation, a motorway is being driven through the Dordogne. And the statistics are simple enough: they show that the numbers employed on the land in France have roughly halved *since the mid-1960s. As anyone* who sojourned in France this summer will know, numbers are decreasing palpably still. *French farming* is bound the Euro-way of consolidation and homogeneous efficiency.

Virginia Woolf is not around *to express her views on Maastricht.* But I take her message to extend that far; and I see, in the probable failure of rural France to prevent the treaty, a last hope vanished. The peasant is dead. Long live the peasant!

■ *Dominic Lawson is unwell*